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## **6<sup>th</sup> Annual National Small Business Conference**

**1-3 June 2009**

### **Agenda**

#### **Monday, 1 June 2009**

##### **KEYNOTE ADDRESS**

- Mr. Dan Smith, President, Integrated Defense Systems, Raytheon Company

##### **DEFENSE OUTLOOK: WHY THE AIR FORCE NEEDS THE AGILITY, EFFICIENCY AND INNOVATION OF SMALL BUSINESS TO ACCOMPLISH ITS MISSION**

- Mr. John Caporal, Deputy Director, U.S. Air Force Office of Small Business Programs

##### **NEW ENGLAND SMALL BUSINESS OUTLOOK**

- Mr. Robert Baker, President, Smaller Business Association of New England (SBANE)

##### **SMALL BUSINESS SUCCESS STORY**

- Mr. Brian Hart, President, Black-I Robotics

#### **Tuesday, 2 June 2009**

##### **LEGISLATIVE UPDATE**

- Mr. Pete Steffes, Vice President, Government Affairs, NDIA

##### **TEAM SUBMARINE OVERVIEW**

- Mr. Jack Evans, Executive Director, PEO Submarine, Naval Sea Systems Command

##### **INSTALLATION OPPORTUNITIES PANEL**

###### **Panelists:**

- Mr. Richard Lombardi, Executive Director, USAF Electronic Systems Center, Hanscom Air Force Base, MA
- CAPT Michael Byman, USN, Commander, Naval Undersea Warfare Center Division, Newport, RI
- Ms. Cheryl DeLuca, Director of Contracting, U.S. Army Soldier Systems Center

##### **GRAND BALLROOM A**

- Naval Undersea Warfare Center Division Newport Small Business Advocate, Mr. David Rego, Naval Undersea Warfare Center Division, Newport, RI
- 10 Things You Should Know About What a Prime Values in Their Integrated Supply Chain, Dr. Kenneth W. Sullivan, Center for Management and Economic Research (CMER) University of Alabama, Huntsville
- Mergers and Acquisitions, Mr. Paul Serotkin, Senior Advisor, Venture Management, Mr. Erik Thamm, President and CEO, Log.Sec Corporation, Mark Shappee, Managing Director, Venture Management, Inc.

##### **GRAND BALLROOM B**

- Competition Management, Mr. Ernie Robinson, Procurement & Production Analyst, Competition Management Office, Mr. Shelley Muhammad, Competition Advocate, Competition Management Office

- Hanscom Air Force Base Small Business Specialist Briefing, Mr. Bill Donaldson, Hanscom Air Force Base, Massachusetts
- Innovations in Expanding the Participation of Service Disabled Veterans in the Establishment and Operation of Small Businesses

**GRAND BALLROOM C**

- Legal Aspects of Teaming Agreements, Mr. Ralph Thomas, III, Partner, Barton, Baker, Thomas, & Tolle, LLP
- Accounting Requirements, Mr. Peter Witts, CPA, Principal, Peter Witts, CPA Mr. Michael Gitlen, CPA, Senior Government Accountant, Peter Witts, CPA Mr. Lawrence S. Nannis, CPA, Shareholder, Levine, Katz, Nannis & Solomon, PC
- What's It Costing You By Not Having An Opportunity Identification & Qualification Process, Mr. William Scheessele, CEO/President, MBDi

**VANDERBUILT**

- Innovative Technologies - Avenues for Working with the Government, Mr. Eric Bankit, Associate, Director for the Office of Small Business Programs, Joint Munitions & Lethality Life Cycle Management Command, Picatinny Arsenal, NJ

**Wednesday, 3 June 2009**

**GENERAL SESSION - "TOOLS FOR SUCCESS"**

- **"INTELLECTUAL PROPERTY AND GOVERNMENT CONTRACTS"**
  1. Mr. Jacob Erlich, Partner, Burns & Levinson, LLP
  2. Ms. Alison Brown, President/CEO, NAVSYS Corporation
- **"HOW TO TANSITION TO THE COMMERCIAL SECTOR"**
  1. Ms. Cynthia Gonsalves, Acting Director, Office of Technology Transition
  2. Ms. Jenny C. Servo, Ph.D, President, Dawnbreaker, Inc.
- **"HOW THE STIMULUS WILL IMPACT THE NORTHEAST"**
  1. Mr. Joseph Donovan, Managing Director, Nelson Mullins Public Strategies



# MONDAY, JUNE 1, 2009

10:00 am - 7:00 pm

## REGISTRATION OPEN

10:00 am - 2:00 pm

## DISPLAY SETUP

12:00 pm - 12:10 pm

## INTRODUCTION

- ▶ Mr. Jay Lustig, *Chair, Conference Committee, Director of Business Development, Scientific Solutions, Inc.*

12:10 pm - 1:00 pm

## KEYNOTE LUNCHEON

- ▶ The Honorable Jack Reed, *U.S. Senate, Rhode Island*

1:00 pm - 1:30 pm

## WELCOME AND ADMINISTRATIVE REMARKS

- ▶ Gov. Donald Carcieri, *Governor, Rhode Island*
- ▶ Lt Gen Lawrence Farrell, USAF (Ret), *President, NDIA*
- ▶ Mr. Tyrone Taylor, *Small Business Division Chair / President, Capitol Advisors on Technology, LLC*
- ▶ Mr. Mike Gitlen, CPA, *President, NDIA New England Chapter / Senior Government Accountant, Peter Witts, CPA*
- ▶ Mr. Kenneth J. Nevor, *President, NDIA Greater New York/Connecticut Chapter / Partner, Shilay Associates, Inc.*

1:30 pm - 1:35 pm

## INTRODUCTION, KEYNOTE ADDRESS

- ▶ Mr. Norm Harkins, *Raytheon Company*

1:35 pm - 2:15 pm

## KEYNOTE ADDRESS

- ▶ Mr. Dan Smith, *President, Integrated Defense Systems, Raytheon Company*

2:15 pm - 3:00 pm

## “DEFENSE OUTLOOK: WHY THE AIR FORCE NEEDS THE AGILITY, EFFICIENCY AND INNOVATION OF SMALL BUSINESS TO ACCOMPLISH ITS MISSION”

- ▶ Mr. John Caporal, *Deputy Director, U.S. Air Force Office of Small Business Programs*

3:00 pm - 3:30 pm

## NETWORKING BREAK

*Located in the Display Area*

3:30 pm - 4:15 pm

## “NEW ENGLAND SMALL BUSINESS OUTLOOK”

- ▶ Mr. Robert Baker, *President, Smaller Business Association of New England (SBANE)*

4:15 pm - 4:45 pm

## “SMALL BUSINESS SUCCESS STORY”

- ▶ Mr. Brian Hart, *President, Black-I Robotics*

4:45 pm - 5:30 pm

## “UNDERSTANDING THE RELATIONSHIP BETWEEN THE BUSINESS AND DEFENSE COMMUNITIES IN TRANSITION”

- ▶ COL Robert Simmons, USA (Ret), *Former Business Advocate for the State of Connecticut*

5:30 pm - 7:00 pm

## NETWORKING RECEPTION

*Located in the Display Area*



# TUESDAY, JUNE 2, 2009

7:00 am - 5:00 pm

**REGISTRATION OPEN**

7:00 am - 8:00 am

**CONTINENTAL BREAKFAST**

*Located in the Display Area*

8:00 am - 12:00 pm

**GENERAL SESSION - “OPPORTUNITIES”**

8:00 am - 8:10 am

**LEGISLATIVE UPDATE**

- ▶ Mr. Pete Steffes, *Vice President, Government Affairs, NDIA*

8:10 am - 9:00 am

**“TEAM SUBMARINE OVERVIEW”**

- ▶ Mr. Jack Evans, *Executive Director, PEO Submarine, Naval Sea Systems Command*

9:00 am - 9:30 am

**NETWORKING BREAK**

*Located in the Display Area*

9:30 am - 11:00 am

**“DEFENSE INDUSTRY PERSPECTIVE”**

**Moderator:** Mr. Norm Harkins, *Raytheon Company*

**Panelists:**

- ▶ Mr. Joel Taves, *Director, Seapower Capability Systems, Raytheon Company*
- ▶ Mr. Charles Marden, *Director, Business Solutions, Electronic Solutions, Operations, BAE Systems*
- ▶ Ms. Jean Ann Grandinetti, *Director, Supplier Relations, Agility Logistics Company*
- ▶ Mr. Jay Johnson, *Senior Director, Business Development, Textron, Inc.*
- ▶ Mr. Brett Rhodes, *Director, Military Business and Development, UTC/Pratt & Whitney Military Engines*

11:00 am - 12:00 pm

**INSTALLATION OPPORTUNITIES PANEL**

**Moderator:** Mr. Mike Gitlen, CPA, *President, NDIA New England Chapter / Senior Government Accountant, Peter Witts, CPA*

**Panelists:**

- ▶ Mr. Richard Lombardi, *Executive Director, USAF Electronic Systems Center, Hanscom Air Force Base, MA*
- ▶ CAPT Michael Byman, USN, *Commander, Naval Undersea Warfare Center Division, Newport, RI*
- ▶ Ms. Cheryl DeLuca, *Director of Contracting, U.S. Army Soldier Systems Center*

12:00 pm - 1:30 pm

**LUNCHEON**



# TUESDAY, JUNE 2, 2009

1:30 pm - 5:00 pm

**BREAKOUT SESSIONS - "CAPTURE, STRATEGY, AND EXECUTION"**

	1:30 pm - 2:30 pm	2:30 pm - 2:45 pm	2:45 pm - 3:45 pm	3:45 pm - 4:00 pm	4:00 pm - 5:00 pm
<b>GRAND BALLROOM A</b>	<b>Naval Undersea Warfare Center Division Newport Small Business Advocate</b>  Mr. David Rego, <i>Naval Undersea Warfare Center Division, Newport, RI</i>	<b>NETWORKING BREAK IN THE DISPLAY AREA</b>	<b>10 Things You Should Know About What a Prime Values in Their Integrated Supply Chain</b>  Dr. Kenneth W. Sullivan, <i>Center for Management and Economic Research (CMER) University of Alabama, Huntsville</i>	<b>NETWORKING BREAK IN THE DISPLAY AREA</b>	<b>Mergers and Acquisitions</b>  Mr. Paul Serotkin, <i>Senior Advisor, Venture Management</i> Mr. Erik Thamm, <i>President and CEO, Log.Sec Corporation</i> Mark Shappee, <i>Managing Director, Venture Management, Inc.</i>
<b>GRAND BALLROOM B</b>	<b>Competition Management</b>  Mr. Ernie Robinson, <i>Procurement &amp; Production Analyst, Competition Management Office</i>  Mr. Shelley Muhammad, <i>Competition Advocate, Competition Management Office</i>		<b>Hanscom Air Force Base Small Business Specialist Briefing</b>  Mr. Bill Donaldson, <i>Hanscom Air Force Base, Massachusetts</i>		<b>Innovations in Expanding the Participation of Service Disabled Veterans in the Establishment and Operation of Small Businesses</b>  See following page for panel details
<b>GRAND BALLROOM C</b>	<b>Legal Aspects of Teaming Agreements</b>  Mr. Ralph Thomas, III, <i>Partner, Barton, Baker, Thomas, &amp; Tolle, LLP</i>		<b>Accounting Requirements</b>  Mr. Peter Witts, CPA, <i>Principal, Peter Witts, CPA</i> Mr. Michael Gitlen, CPA, <i>Senior Government Accountant, Peter Witts, CPA</i> Mr. Lawrence S. Nannis, CPA, <i>Shareholder, Levine, Katz, Nannis &amp; Solomon, PC</i>		<b>What's It Costing You By Not Having An Opportunity Identification &amp; Qualification Process</b>  Mr. William Scheessele, <i>CEO/President, MBD</i>
<b>VANDERBILT</b>	<b>U.S. Army Soldier Systems Center Small Business Specialists Briefing</b>  Mr. Phil Varney, <i>U.S. Army Soldier Systems Center, Natick, MA</i>		<b>Innovative Technologies - Avenues for Working with the Government</b>  Mr. Eric Bankit, <i>Associate Director for the Office of Small Business Programs, Joint Munitions &amp; Lethality Life Cycle Management Command, Picatinny Arsenal, NJ</i>		

5:00 pm

**CONFERENCE CONCLUDES FOR THE DAY**

5:00 pm - 6:00 pm

**RECEPTION HOSTED BY THE TOWN OF MIDDLETOWN, RI**

# BREAKOUT DESCRIPTIONS

## Naval Undersea Warfare Center Division Newport Small Business Advocate

Finding Acquisition Opportunities at Naval Undersea Warfare Center Division Newport.

### 10 Things You Should Know About What a Prime Values in Their Integrated Supply Chain

1. How do small businesses impact the aerospace/defense supply chain?
2. Steps to be more competitive in the aerospace business
  - Communication
  - Lean implementation (value stream mapping)
  - Increase value add to customer
  - Becoming proactive with customer (working groups and roundtables)
  - Understanding/challenging requirements
3. Future directions
  - Incentivized work in process
  - Collaboration tools
  - Long term agreements/long term contracts
  - Increased manufacturing in the U.S.

## Mergers and Acquisitions

Paul Serotkin is Senior Advisor with Venture Management, an advisor to defense contractors looking to exit or seeking to grow by acquisition.

## Competition Management

This presentation will cover AMCOM Competition Management Office's Mission, (CASL) Competition Advocate Shopping List, (SAR) Source Approval Request and how we relate to Value Stream mapping process. We will give detailed information on how a Small Business can get started doing business with the Government.

## Hanscom Air Force Base Small Business Specialist Briefing

Finding Acquisition Opportunities at Hanscom Air Force Base.

## Innovations in Expanding the Participation of Service Disabled Veterans in the Establishment and Operation of Small Businesses

The panel will discuss new business models to expand the participation of service disabled veterans in the establishment and operation of small businesses.

**Moderator:** Mr. Tom Kowalczyk, KMRM, LLC

- ▶ MAJ Mark O'Clair, USA, *Commanding Officer, Community Based Warrior Transition Unit for the New England Region*
- ▶ Mr. David Rego, *Small Business Advocate, Naval Undersea Warfare Center Division, Newport, RI*
- ▶ Mr. Joel Taves, *Director, Sea Power Capability Systems, Raytheon Company*
- ▶ Mr. Gerard Lorden, *The Lorden Group, Senior Vice President, Wealth Advisor, Morgan Stanley*
- ▶ Mr. Louis Celli, Jr., *Northeast Veterans Business Resource Center*

## Legal Aspects of Teaming Agreements

Many times a small business enters into a teaming arrangement with a large business expecting a subcontract if the prime wins the contract competed for. Sometimes, however, either this does not happen, or, in the alternative, the subcontract that the small business does receive is of a much lower value with a significantly lighter scope of work than was initially expected. This instructional workshop is designed to teach small businesses how to structure, negotiate, and review teaming agreements with large businesses that are effective and enforceable. Small businesses will also learn how to deal with disadvantageous clauses that they are unable to have modified or deleted.

## Accounting Requirements

Government Accounting 101: Principles of a FAR (Federal Acquisition Regulation) compliant Job Cost accounting system.

## What's It Costing You By Not Having an Opportunity Identification & Qualification Process

Opportunity Identification & Qualification (OI&Q) is absent in most capture processes. OI&Q results in a valid opportunity pipeline, prudent investment of B&P funds and higher win probabilities. In this session, Bill Scheessele will share how an OI&Q Process can significantly impact your revenue growth.

## U.S. Army Soldier Systems Center

Finding Acquisition Opportunities at U.S. Army Soldier Systems Center.

## Innovative Technologies - Avenues for working with the Government

This presentation will cover the SBIR/STTR, Phase III actions, FAR based contracting, Consortiums, "Other Transactions Authority" and Grants/Agreements.

# WEDNESDAY, JUNE 3, 2009

7:00 am - 12:00 pm

**REGISTRATION OPEN**

7:00 am - 8:00 am

**CONTINENTAL BREAKFAST**

*Located in the Display Area*

8:00 am - 8:15 am

**OPENING REMARKS**

8:15 am - 12:00 pm

**GENERAL SESSION - "TOOLS FOR SUCCESS"**

8:15 am - 9:15 am

**"INTELLECTUAL PROPERTY AND GOVERNMENT CONTRACTS"**

- ▶ Mr. Jacob Erlich, *Partner, Burns & Levinson, LLP*
- ▶ Ms. Alison Brown, *President/CEO, NAVSYS Corporation*

9:15 am - 10:15 am

**"HOW TO TRANSITION TO THE COMMERCIAL SECTOR"**

- ▶ Ms. Cynthia Gonsalves, *Acting Director, Office of Technology Transition*
- ▶ Ms. Jenny C. Servo, Ph.D., *President, Dawnbreaker, Inc.*

10:15 am - 10:45 am

**NETWORKING BREAK**

*Located in the Display Area*

10:45 am - 11:45 am

**"HOW THE STIMULUS WILL IMPACT THE NORTHEAST AREA"**

- ▶ Mr. Joseph Donovan, *Managing Director, Nelson Mullins Public Strategies*

11:45 am - 12:00 pm

**CLOSING REMARKS**

10:45 am - 12:00 pm

**DISPLAY DISMANTLE**

12:00 pm

**CONFERENCE CONCLUDES**





# CONFERENCE COMMITTEE

## CONFERENCE CHAIR: Mr. Jay Lustig

Mr. Jay Lustig is Director of Business Development for Scientific Solutions, Inc. of Nashua, New Hampshire.

- Mr. Andrew Davis, Davis Strategic Advisory Services, Inc.
- Mr. Bill Donaldson, Hanscom Air Force Base, MA
- Mr. Adam Erlich, Igeneco
- Mr. Jacob Erlich, Burns & Levinson, LLP
- Mr. Mike Gitlen, CPA, Peter Witts, CPA
- Mr. Theodore Hanselman, Holland & Knight, LLP
- Mr. Norm Harkins, Raytheon Company
- COL Fred Hyatt, USA (Ret)
- Mr. Walter Kneissler, Foster-Miller, Inc.
- Mr. Thomas Kowalczyk, KMRM, LLC
- Mr. Gerard Lorden, Morgan Stanley
- Mr. James Lynch, Retired Unisys Executive
- Mr. Lawrence S. Nannis, CPA, Levine, Katz, Nannis & Solomon, PC
- Ms. Beth Nass, Epsilon Systems
- Mr. Kenneth J. Nevor, Shilay Associates, Inc.

- Ms. Patty Nunn, Indus Corporation
- Ms. Dianne Proia, Proia & Associates, LLC
- Brig Gen Don Quenneville, USAF (Ret), Defense Technology Initiative
- Mr. David Rego, Naval Undersea Warfare Center
- Mr. Paul Serotkin, Venture Management, Inc.
- Mr. Jeff Seul, Holland & Knight, LLP
- Mr. Marshall Sugarman, TD Banknorth
- Mr. Joel Taves, Raytheon Company
- Mr. Henry Zolla, Raytheon Company

## CHAIR, NDIA SMALL BUSINESS DIVISION

Mr. Tyrone Taylor, President, Capitol Advisors on Technology, LLC

## VICE CHAIR, NDIA SMALL BUSINESS DIVISION

Mr. Ron Perlman, Attorney, Holland & Knight, LLP

# DISPLAYING ORGANIZATIONS

**AGILITY DEFENSE & GOVERNMENT SERVICES**

**BAE SYSTEMS**

**BURNS & LEVINSON, LLP**

**DATCON, INC.**

**U.S. DEPARTMENT OF HOMELAND SECURITY**

**FISHEYE SOFTWARE**

**QINETIQ NORTH AMERICA  
(FORMERLY FOSTER-MILLER)**

**GATEWAY VENTURES**

**GLOBAL RESCUE**

**MISSILE DEFENSE AGENCY**

**PEERLESS PRECISION, INC.**

**RAYTHEON COMPANY**

**ROLLS ROYCE NAVAL MARINE, INC.**

**SECHAN ELECTRONICS, INC.**

**SUPPLY CORE**

**TELE-CONSULTANTS**

**WILL INTERACTIVE, INC**

# THANK YOU TO OUR SPEAKERS

In appreciation for each speaker at the 6th Annual National Small Business Conference, a donation will be made to the Wounded Warrior Project.

The purpose of the Wounded Warrior Project is to raise awareness and enlist the public's aid for the needs of severely injured service men and women, to help severely injured service members aid and assist each other, and to provide unique, direct programs and services to meet the needs of severely injured service members. Further information can be found at [www.woundedwarriorproject.org](http://www.woundedwarriorproject.org).



*Customer Success Is Our Mission*

#### **Our Vision**

To be the most admired defense and aerospace systems supplier through world-class people and technology.

#### **Raytheon at a Glance**

- Chairman and CEO: William H. Swanson
- Global Headquarters: 870 Winter Street, Waltham, Massachusetts 02451
- 73,000 employees worldwide
- \$23.2 billion in 2008 sales

#### **Raytheon's Strategy**

- Focus on key strategic pursuits, Technology and Mission Assurance to protect and grow our position in our four core defense markets:
  - Sensing: Expand beyond traditional RF/EO to adjacent markets;
  - Effects: Expand beyond kinetic energy-based weapons;
  - C3I: Grow market presence through increased footprint and expand knowledge management;
  - Mission Support: Expand beyond product support and engineering services to include mission planning and training capabilities.
- Leverage our domain knowledge in these core defense markets, as well as in Mission Systems Integration, Homeland Security, and Information Operations/Information Assurance.
- Expand our international business by broadening focus and expanding in adjacent markets.
- Continue to be a Customer Focused company based on performance, relationships and solutions.

#### **A Global Leader in Technology-driven Solutions that provide Integrated Mission Systems for our Customers**

Raytheon Company is a technology and innovation leader specializing in defense, homeland security and other government markets throughout the world.

#### **Businesses**

- Integrated Defense Systems – Headquarters in Tewksbury, Massachusetts
- Intelligence and Information Systems – Headquarters in Garland, Texas
- Missile Systems – Headquarters in Tucson, Arizona
- Network Centric Systems – Headquarters in McKinney, Texas
- Space and Airborne Systems – Headquarters in El Segundo, California
- Raytheon Technical Services Company LLC – Headquarters in Reston, Virginia





Agility is one of the world's leading providers of integrated logistics to businesses and governments. It is a publicly traded company with \$6.3 billion in annual revenue and more than 32,000 employees in 550 offices and 100 countries. Agility brings efficiency to supply chains in some of the globe's most challenging environments, offering unmatched personal service, a global footprint, and customized capabilities in developed and emerging economies alike.

Agility's commercial division, Agility Global Integrated Logistics (GIL), is headquartered in Switzerland and provides supply chain solutions to customers in technology, retail, chemicals, and other industries. Agility Defense & Government Services (DGS), based in Washington, offers logistics services to governments, relief agencies and international institutions worldwide. Agility Investments, based in Dubai, draws on local insights from Agility's global network to identify real estate and private equity opportunities in Asia, Africa and the Middle East.

For more information visit our website: [www.agilitylogistics.com](http://www.agilitylogistics.com)

## BAE SYSTEMS

BAE Systems is the premier global defense, security and aerospace company delivering a full range of products and services for air, land and naval forces, as well as advanced electronics, security, information technology solutions and customer support services. With approximately 105,000 employees worldwide, BAE Systems' sales exceeded £18.5 billion (US \$34.4 billion) in 2008.

BAE Systems has a proud heritage of innovation, state of the art engineering and technical excellence and continues that tradition by delivering distinct advantage to customers in over 100 countries.

BAE Systems plc operates across six home markets: Australia, Saudi Arabia, South Africa, Sweden, the UK and the U.S. engaged in the development, delivery and support of advanced defense and aerospace systems in the air, on land, at sea and in space. The company designs, manufactures and supports military aircraft, surface ships, submarines, fighting vehicles, radar, avionics, communications, electronics and guided weapon systems. It is a pioneer in technology with a heritage stretching back hundreds of years. It is at the forefront of innovation, working to develop the next generation of intelligent defense systems.

The U.S. subsidiary of BAE Systems is headquartered in Rockville, Maryland, and is responsible for developing BAE Systems' transatlantic business, relationships with the U.S. Government, administration of BAE Systems' Special Security Agreement, and managing its U.S. based operating groups. These groups provide support and service solutions for current and future defense, intelligence, and civilian systems; design, develop, and manufacture a wide range of electronic systems and subsystems for both military and commercial applications; produce specialized security and protection products for law enforcement and first responders; and design, develop, produce, and provide service support of armored combat vehicles, artillery systems and intelligent munitions.



**S B A N E**

## Small Business Outlook

Event Profile Presentation

# Agenda

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- Previous Raytheon "Cutting Edge" Events
- Raytheon Supplier Financial Matches
- Management Assistance Statistics
- Lay-Off Aversion Program Through Management Assistance
- Alternative Capital Financing Programs
- "Profitable Connections"



# Previous Raytheon “Cutting Edge” Events

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- November 1 2007 – Warwick, RI
- March 4, 2008 – Beverly, MA
- May 13, 2008 – Waltham, MA
- June 17, 2008 – Portsmouth, RI
- December 11, 2008 – Westborough, MA
- April 7, 2009 – Portsmouth, NH



# Raytheon Events

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**November 1, 2007**

- ▶ Crown Plaza in Warwick, RI
- ▶ 167 attendees

**March 4, 2008**

- ▶ Metaxas Norman & Pidgeon LLP in Beverly, MA
- ▶ 114 attendees

**May 13, 2008**

- ▶ Westin Waltham
- ▶ 103 attendees



# Raytheon Events

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**June 17, 2008**

- ▶ Seapower Capability Center in Portsmouth, RI
- ▶ 89 attendees

**December 11, 2008**

- ▶ Double Tree Hotel in Westborough, MA
- ▶ 119 attendees

**April 7, 2009**

- ▶ Sheraton Portsmouth Harborside in Portsmouth, NH
- ▶ 136 attendees

**TOTAL: 728 attendees**



# Raytheon Supplier Financial Matches

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- ▶ SBANE impact on IDS
  - ▶ Fiscal Year 2008
    - ▶ 40 small businesses engaged
  - ▶ Year to Date 2009
    - ▶ 52 small businesses engaged

**TOTAL: 92 small businesses**

**Raytheon**  
**Integrated Defense Systems**





# Management Assistance Statistics

## ► Impact of Assistance (2004 – 2008)

### ► 2004 – 2005 Program

- Amount Allocated: \$250,000
- Total Payroll: \$33,415,648
- Total Jobs: 740

### ► 2006 – 2007 Program

- Amount Allocated: \$250,000
- Total Payroll: \$52,127,584
- Total Jobs: 1,158

### ► 2007 – 2008 Program

- Amount Allocated: \$100,000
- Total Payroll: \$28,115,110
- Total Jobs: 614



# Cumulative Statistics (2004-2008)

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- ▶ Payroll Total: \$113,658,342
- ▶ Jobs Total: 2,512
- ▶ State (Match) Funding: \$600,000
- ▶ Private (Match) Funding: \$600,000
- ▶ Total Funding: \$1,200,000

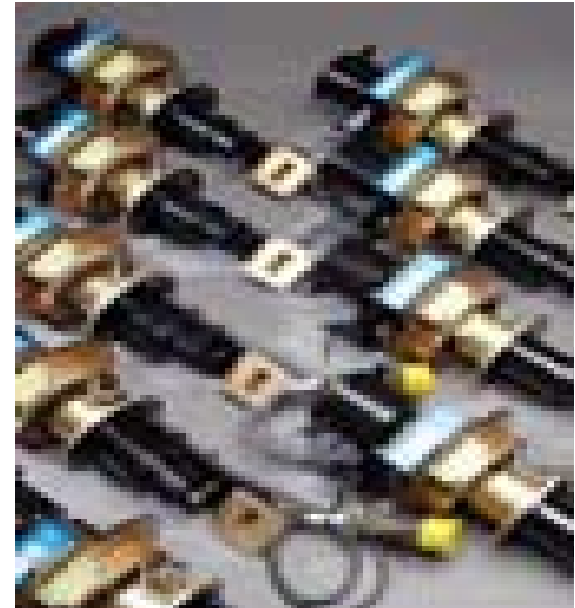


# Management Assistance / Lay-off Aversion

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## ▶ Diamond Antenna

- ▶ Founder: Jeffrey Gilling
- ▶ Industry: Electromechanical assemblies
- ▶ Location: Littleton, MA
- ▶ Year Founded: 1994
- ▶ Number of Employees: 48
- ▶ Management Assistance: \$17,500



# Management Assistance / Lay-off Aversion

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## ▶ ATC Technologies

- ▶ Founder: Paul Kierce
- ▶ Industry: Medical devices
- ▶ Location: Wilmington, MA
- ▶ Year Founded: 1987
- ▶ Number of Employees: 16
- ▶ Management Assistance: \$20,000



**atc**technologies

# Management Assistance / Lay-off Aversion

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## ► Headwall Photonics

- Founders: Larry Barstow & David Bannon
- Industry: Analytical instruments for chemical sensing
- Location: Fitchburg, MA
- Year Founded: 2003
- Number of Employees: 35
- Management Assistance: \$8,000



# Management Assistance / Lay-off Aversion

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## ▶ AV Sportswear

- ▶ Founder: Ronald Petrucci
- ▶ Industry: Outerwear apparel
- ▶ Location: Lynn, MA
- ▶ Year Founded: 1987
- ▶ Number of Employees: 35
- ▶ Management Assistance: \$16,000



# Alternative Capital Financing

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- ▶ Cutting Edge Series, “Solving the Credit Puzzle”
  - ▶ January 27, 2009, Westin Hotel in Waltham, MA
  - ▶ Sponsored by Accounting Management Solutions, Inc.
  - ▶ 4 panelists from Quasi-public and private lending organizations
  - ▶ Addressed & identified non-traditional capital solutions
    - ▶ Finance growth or sustainability



“Solving The Credit Puzzle”



# Alternative Capital Financing

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- ▶ “Financing Comes in All Flavors”
  - ▶ February 12, 2009, Reservoir Place in Waltham, MA
  - ▶ 5 expert panelists from commercial finance companies
  - ▶ Each possessing variances in product offerings:
    - ▶ Pricing
    - ▶ Cash availability
    - ▶ Advance rates
    - ▶ Specific time periods



# Alternative Capital Financing

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- ▶ **Capital Connections Series, “Liquidity for Growth”**
  - ▶ March 12, 2009, Westin Hotel in Waltham, MA
  - ▶ Sponsored by Davis Malm & D’Agostine P.C. and SAMET
  - ▶ 5 panelists that represent the credit spectrum from:
    - ▶ Federal loan guaranties
    - ▶ Emerging technology loans
    - ▶ Tax-exempt bonds
    - ▶ Mezzanine capital
    - ▶ Private equity



# Alternative Capital Financing

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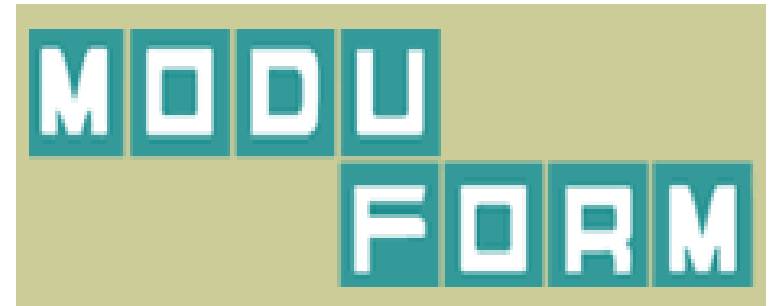
- ▶ **Capital Connections Series, “Liquidity for Growth”**
  - ▶ June 17, 2009, Marriot Hotel in Providence, RI
  - ▶ Business Partner - Citibank
  - ▶ 2 panels of financial experts, 7 panelists
  - ▶ Represent the credit spectrum from:
    - ▶ Federal loan guaranties
    - ▶ Emerging technology loans
    - ▶ Tax-exempt bonds
    - ▶ Mezzanine capital
    - ▶ Private equity



# Profitable Connections

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- ▶ **ModuForm, Inc.,**
  - ▶ Fitchburg, MA
  - ▶ Bill Weissman, President
  - ▶ Manufactures furniture to outfit college dormitories
- ▶ Challenge:
  - ▶ Need liquidity from non-bank source
  - ▶ Capitalize on backlog orders
- ▶ Solution:
  - ▶ **\$500,000** Mass Community Development Finance Corporation



# Profitable Connections

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- ▶ **MarketForge Industries**

- ▶ Everett, MA
- ▶ Dave Zappala, President & CEO
- ▶ Manufactures food service equipment

- ▶ Challenge:

- ▶ Supplemental working capital needed
- ▶ New product line – save energy & water expenses

- ▶ Solution:

- ▶ Boston Financial Resources
- ▶ Pursue alternative financing channels
- ▶ **\$600,000** Mass Community Development Finance Corporation



# Profitable Connections

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- ▶ **CamBrooke FOODS**

- ▶ Framingham, MA
- ▶ David and Lynn Paolella, CEO
- ▶ Medicinal, dietary food supplements
  - ▶ Treat protein metabolism deficiencies



- ▶ Challenge:

- ▶ Growth capital to expand Camino Pro™
- ▶ Fund inventory & marketing campaign

- ▶ Solution:

- ▶ **\$500,000** Mass Community Development Finance Corporation

# Profitable Connections

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- ▶ **Source Code Corporation**

- ▶ Norwood, MA
- ▶ Arthur Ataie, President
- ▶ Assembles computers
  - ▶ Corporate & government users



- ▶ Challenge:

- ▶ Infusion of liquidity to acquire other companies

- ▶ Solution:

- ▶ **\$1.5 million** in Mezzanine financing from Mass Capital Resource Company



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# INNOVATIVE TECHNOLOGIES – AVENUES FOR WORKING WITH THE GOVERNMENT



Eric J. Bankit  
Associate Director  
Joint Munitions & Lethality  
Life Cycle Management Command  
Office of Small Business Programs

# THE TARGET AUDIENCE

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- ✘ This event is a must for ambitious small companies in the defense industry looking to strengthen their existing business operations with the Department of Defense, medium to large-sized companies interested in establishing working relationships with small businesses.
- ✘ This presentation is aimed at firms, large and small, that are engaged in emerging technologies, research and development, and applied research.

Distribution Statement A. Approved for public release;  
distribution is unlimited

# WHAT IS THIS PRESENTATION ABOUT??

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- ✖ High Technology Opportunities that will result in FAR Contracts – SBIR/STTR
- ✖ High Technology Opportunities that will result in Other than FAR Contracts
  - + Grants
  - + Other Transactions
  - + Cooperative Research and Development Agreements - CRADAs
  - + Technology Investment Agreement (TIA)
- ✖ How to find the activities that are using these instruments
- ✖ How to position your firm for these opportunities



# **FAR BASED CONTRACTS**

## **– SMALL BUSINESS INNOVATIVE RESEARCH(SBIR)/SMALL BUSINESS TECHNOLOGY TRANSFER (STTR)**



- ✖ Probably the best known federal government program for technology transfer
- ✖ The SBIR and STTR programs have provided small tech companies with more than \$26 billion in funding since the programs were launched in 1982. Nearly 18,000 firms have participated, with 6,244 currently active in at least one project. Those companies have also obtained more than 67,500 patents. SBIR accounts for over half of all the federal R&D awards that small companies receive.
- ✖ portals for opportunities <http://www.sbir.gov/> and <http://www.er.doe.gov/sbir/>
- ✖ Army, Navy, Defense Advanced Research Projects Agency, Defense Micro Electronics Activity, Defense Threat Reduction Agency, OSD now combined into one announcement

# SMALL BUSINESS INNOVATIVE RESEARCH (SBIR)



## FAR Contracting

The **Small Business Innovation Development Act of 1982** established the **Small Business Innovation Research (SBIR) Program**.

President Obama signed into law HR 1541 to amend PL 110-235 and to continue all small business programs through July 31, 2009.

Currently, **11 Federal agencies participate**.

Participating Department of Defense agencies include:

- Air Force
- Army
- Navy
- Defense Advance Research Projects Agency (DARPA)
- U.S. Special Operations Command, Defense Threat Reduction Agency (DTRA)
- Missile Defense Agency (MDA)
- National Geospatial Intelligence Agency (NGA; formerly NIMA)



# Small Business Innovative Research (SBIR)

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## Program Purpose and Funding

- The Small Business Innovation Research program funds early-stage R&D at small technology companies and is designed to:
  - Stimulate technological innovation
  - Increase private sector commercialization of federal R&D
  - Increase small business participation in federally funded R&D
  - Foster participation by minority and disadvantaged firms in technological innovation
- Funding for the SBIR Program provides up to \$850,000 in early-stage Research and Development funds for projects that:
  - Serve a DoD need
  - Have potential for commercialization in private sector and/or military markets

# Small Business Innovative Research (SBIR)



The SBIR program includes a three-phased process:

## **Phase I – Project Feasibility**

Companies apply first for a Phase I award of six months of up to \$120,000 (agency dependent) to test the scientific, technical, and commercial merit and feasibility of a particular concept.

## **Phase II – Project Development to Prototype**

If Phase I proves successful, the company may be invited to apply for a two-year Phase II award of up to \$750,000 (agency dependent) to further develop the concept, usually to the prototype stage. Proposals are judged competitively based on:

- Scientific
- Technical
- Commercial merit (only Phase I award winners considered)

## **Phase III – Commercialization (Move products from lab to marketplace: military or private sector)**

Following completion of Phase II, small companies are expected to obtain funding from the private sector and/or non-SBIR government sources (in Phase III) to develop the concept into a product for sale in private sector and/or military markets.

- Private Sector Funding
- Military can put other than SBIR funding into product development
- Awards are sole source but may be considered competitive since competition was obtained in Phase I



# Small Business Innovative Research (SBIR)

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## Qualification and Award Eligibility

In order to qualify for the program, a business must:

- Be a small business, independently owned, organized for profit with its principal place of business located in the United States.
- Be at least 51% owned by U. S. citizens.
- Have no more than 500 employees.

## Award Eligibility

In order to be eligible to receive awards:

- Principal investigator involved must be employed primarily by proposing firm.
- Two-thirds of Phase I and one-half of Phase II work must be accomplished by proposing firm.
- All work must be performed within the U.S.



# Small Business Innovative Research (SBIR)

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## Copyrights, Patents, and Technical Data Rights

- In regards to **copyrights, patents, and technical data rights**, a small business:
  - Copyrights material developed under SBIR program
  - Retains patent rights to any invention developed
  - Retains rights in technical data, including software

The Government retains a royalty-free license.

# GRANTS



## GENERAL INFORMATION

- ✘ DoD grants are federal assistance agreements under which payments in cash and/or in kind are made for specified purposes.
- ✘ Grants are assistance awards for which no substantial involvement is anticipated between the Federal Government and the recipient during performance of the contemplated activity.
- ✘ Recipients of DoD grants include individuals, nonprofit organizations, local and state governments, U.S. territories, and federally recognized tribal governments.
- ✘ Databases of contributing agencies
- ✘ [DOD, DOE, NSF, EPA, SBA , NASA, Transportation Research Board, USDA](#) Primary Sources of GRANTS
- ✘ <http://www.grants.gov>



# Grants and Cooperative Agreements

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- The acceptance of an assistance award from the Department of Defense creates a legal duty on the part of the recipient to use the available funds or property in accordance with the terms and conditions of the assistance agreement.
- Payments may be made in advance or as reimbursement for either work performed or costs incurred by awardees.
- Recipients are required to return to the Department of Defense
  - (1) the unused balances of advance payment awards (plus earned interest, unless recovery is prohibited by statute),
  - (2) any funds improperly applied,
  - (3) property or facilities purchased or otherwise made available under the conditions of the awards, unless legal title thereto is vested unconditionally in the recipient by the terms of the award.

# COOPERATIVE AGREEMENTS



- ✘ Cooperative agreements are federal assistance agreements under which payments in cash and/or in kind are made for specified purposes. cooperative agreements should be used when the principal purpose of the transaction is to stimulate or support research and development for another public purpose.
- ✘ The major difference between grants and cooperative agreements is that grants are assistance awards for which no substantial involvement is anticipated between the Department of Defense and the recipient during performance of the contemplated activity, whereas cooperative agreements may require substantial involvement.
- ✘ However, the accounting treatment for the two types of agreements is similar. Recipients of DoD grants and cooperative agreements include individuals, nonprofit organizations, local and state governments, U.S. territories, and federally recognized tribal governments.



# GRANTS AND COOPERATIVE AGREEMENTS

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## How do I find grant and cooperative agreement funding opportunities?

- Grants.gov provides "one-stop shopping" that will allow you to review synopses of all available competing funding opportunities for grants and cooperative agreements (and other types of financial assistance if the funding agency chooses) under the hundreds of discretionary grant programs.
- You can search by agency, category of activity to be funded, Catalog of Federal Domestic Assistance number, and other parameters. You also can sign up for email notification of newly posted opportunities based on parameters it provides. Grants.Gov FIND will include a link to the full funding opportunity announcement. Depending on the agency, these still may be published in the Federal Register or be posted on a website.

# WHAT IS AN “OTHER TRANSACTION”?



- ✖ "Other transaction" is a shorthand expression used to refer to any instrument other than a procurement contract, grant, or cooperative agreement. Other Transactions, or OTs, are often used for prototype projects.

**Other transactions are usually solicited as Broad Agency Announcements (BAA) on FedBizOPS**

- ✖ ***Who is eligible to receive an OT award?***

To receive an OT award, a proposer must meet either or both of the following criteria:

1) There is at least one ***non-traditional defense contractor*** participating to a significant extent in the prototype project;  
**OR**

- ✖ 2) There are no ***non-traditional defense contractors*** participating to a significant extent in the prototype project, but at least one of the following circumstances exists:

- ✖ (i) at least ***one third*** of the total cost of the prototype project is to be paid out of funds provided by the parties to the transaction other than the federal government

**OR**

- ✖ (ii) the senior procurement executive for the agency determines in writing that exceptional circumstances justify the use of a transaction that provides for innovative business arrangements or structures that would not be feasible or appropriate under a procurement contract.

***Who is a non-traditional defense contractor?***

- ✖ A non-traditional defense contractor is a business unity that has not, for a period of at least one year prior to the date of the OT agreement entered into or performed on (1) any contract that is subject to full coverage under the cost accounting standards prescribed pursuant to Section 26 of the Office of Federal Procurement Policy Act (41 U.S.C. 422) and the regulations implementing such section OR (2) any other contract in excess of \$500,000 to carry out prototype projects or to perform basic, applied, or advanced research projects for a Federal Agency that is subject to the Federal Acquisition



# COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS (CRADA)



## ✧ What is a CRADA?

A CRADA is a written agreement between a federal research organization and one or more federal or non-federal parties (collaborators) to work together as partners on a research project of mutual interest. The CRADA opportunity is open to any company in private industry that is interested in taking advantage of it.

## ✧ What's involved?

These written agreements typically consist of:

- General provisions in a standardized format that provide the legal framework for the agreement
- A Statement of Work (SOW) describing the objectives, tasks, and deliverables of the collaborative project

Under a CRADA, the federal government activity may provide the collaborator, or the collaborator may provide the federal government either: Personnel, Services, Facilities, Equipment, or other Resources

## ✧ Does the government provide funds?

The agreement involves no transfer of funds from the government. Although the names are similar, a CRADA should not be confused with a cooperative agreement ( financial assistance typically used for competitive acquisition of cost-shared research services).

## ✧ Are proprietary ideas protected?

Yes. At the conclusion of the cooperative effort, the results may often be considered proprietary. All parties agree to keep the research results confidential to the extent permitted by the law until they are published in scientific literature or presented at a public forum. The private industry cooperator can retain patent and intellectual property rights or retain an exclusive license to a patent. The government has the right to use any information, but must respect the proprietary rights of the cooperator. In addition, any other government agency may use the information emerging from a CRADA effort, but it, too, must protect the cooperator's proprietary rights. The proprietary right protection gives added incentive to the cooperator for transferring the technology or research development through marketing and commercialization efforts.

# TECHNOLOGY INVESTMENT AGREEMENT



- ✖ Newest of the non-FAR based instruments available - 1998
- ✖ TIAs are a class of assistance instruments that may be used to carry out basic, applied, and advance research projects when it is appropriate to use assistance instruments, and the research is to be performed by a for-profit firm, or by consortia that include a for-profit firm. TIAs replaced two types of assistance instruments: "consortium agreements", a type of OT used by the Defense Advance Research Projects Agency (DARPA), and "cooperative agreements under 10 U.S.C. 2371", addressed in Part 37 of the 1994 Draft Interim Guidance DoDGARs, and also referred to as "flexible cooperative agreements". A TIA is a type of cooperative agreement (awarded under the authority of 10 U.S.C. 2358) when its patent rights provision complies with the Bayh-Dole statute (Chapter 18 of Title 35, U.S.C.). A TIA is a type of other transaction (awarded under the authority of 10 U.S.C. 2371) when its patent rights provision is less restrictive than is possible under Bayh-Dole. An OTs for prototype is not covered under the TIA classification.



# WHAT ARE THE TWO KINDS OF TIAS?



## Flexible Cooperative Agreement

- ✗ 42 U.S.C. 7256(a)
- ✗ Flexible (10 CFR 600 applies only if specified in agreement)
- ✗ Bayh-Dole Act and DOE patent statutes that provide for a free Govt. license and other restrictions, apply.

## Other Than a Grant or Cooperative Agreement

- ✗ 42 U.S.C. 7256(g)
- ✗ Maximum flexibility
- ✗ Useful for consortia or teaming arrangements
- ✗ Exception to Bayh-Dole and DOE patent statutes.

# TYPE OF RECIPIENT FOR TIA



- ✖ For profit firm must be involved in either:
  - + performance or
  - + commercial application of results
- ✖ TIAs particularly useful for awards to consortium that are not formally incorporated
  - + consortia potentially provide a self-governance mechanism.

# TIA RECIPIENTS COMMITMENT & COST SHARING



- × To maximum extent practicable, non-Federal parties provide at least **50%** of the resources
- + Contracting Officer must seek cost sharing
- × If this amount of cost sharing is impractical, Contracting Officer must determine whether other factors show recipient commitment to project success.



# **SOURCES FOR INFORMATION**



- ✖ Websites
  - + <http://www.sbir.gov/>
  - + <http://www.grants.gov>
  - + <https://www.fbo.gov>
- ✖ Small Business Specialists
- ✖ Consortia
- ✖ Associations

# QUESTIONS

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# **NDIA Small Business Division Subcommittee on Improving IP Protection for Small Businesses**

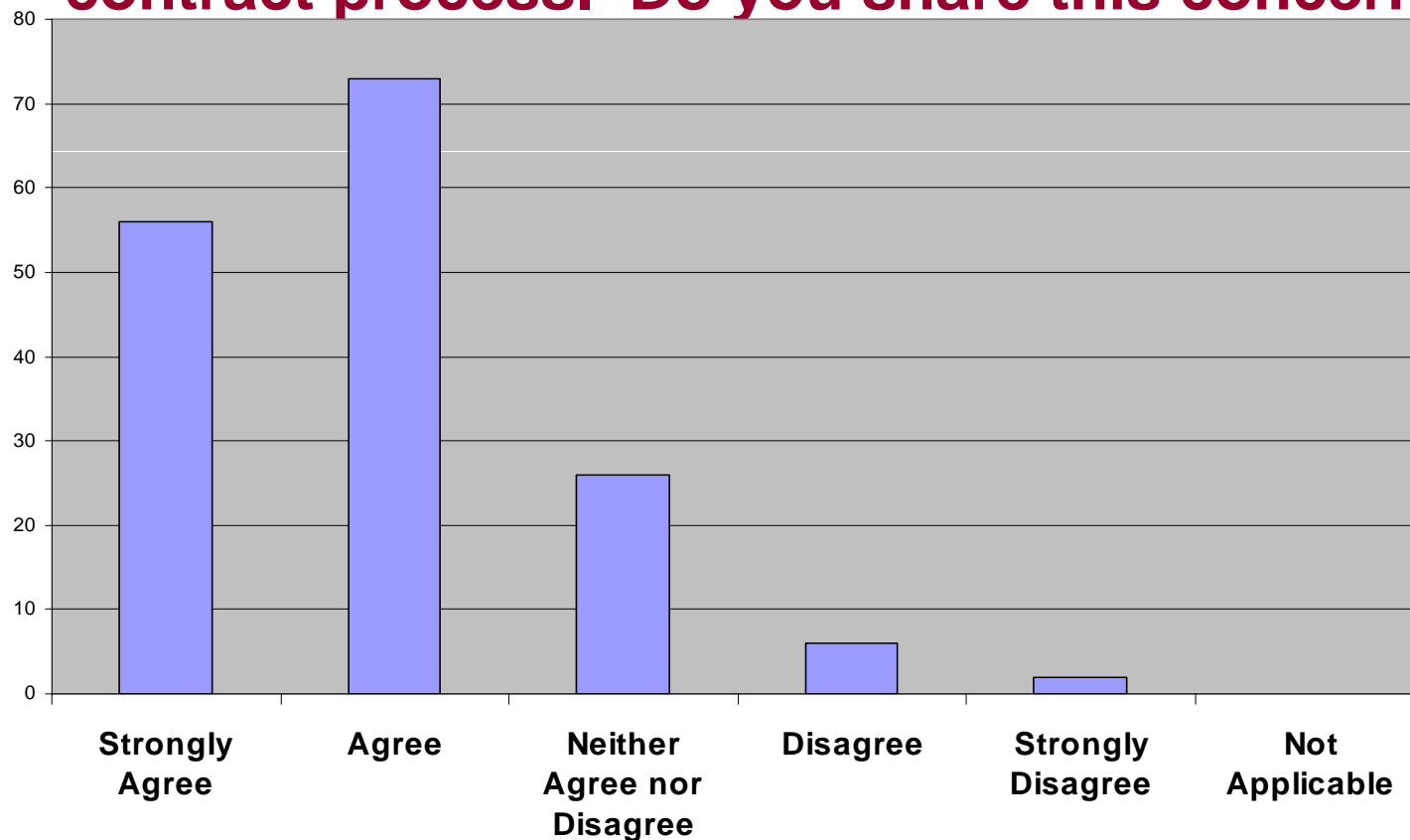
**June 3, 2009**

Alison Brown

[abrown@navsys.com](mailto:abrown@navsys.com)

(719) 481 4877x102

**Secretary John Young USD(AT&L) has expressed concern that DOD's access to innovation is at risk because many small businesses feel their intellectual property is put at risk through the prime contract process. Do you share this concern?**



166 Responses

## IP SubCommittee Actions

- Kick-off meeting held in Sept 2008
- Issued two Web Surveys on IP Protection Issues
- Held 5 meetings with invited panel discussions
- Held 3 working group meetings
- Web site includes reference material and minutes from meetings
- IP Protection training material is being presented after NDIA 6<sup>th</sup> Annual SB Conference
  - June 3<sup>rd</sup> from 1-3 pm



## Key Issues Identified

- IP compromised during the solicitation or contracting process when provided in a technical or pricing proposal or delivered with proprietary markings
- Patent infringement occurring on Government contracts without proper levels of compensation due to FAR 52.227-1 Authorization and Consent clause
- Reports of various DOD labs appropriating properly marked proprietary IP and disseminating for use for procurement and other unauthorized purposes
- Reports on general ignorance or lack of enforcement of Non-Disclosure Agreements by Government personnel and others privy to proprietary IP
- Reports of failure to protect SBIR contract technical data in follow-on contracts

# Prime/Sub IP Protection Issues

- Novel ideas for solving problems are often in conflict with technology solutions being developed by the prime itself
- IP data rights provisions are often flowed down on prime contracts from the Government which can be over restrictive in requiring access to proprietary data
- Elimination in the bid process can occur if subcontractors don't agree to prime conditions on IP rights even if statutory rights should be non-negotiable
- Small businesses cannot afford to enforce IP protection with either the primes or the government
- Ethical business dealings respecting the value of Intellectual Property are essential to encourage innovative small businesses companies to participate in Government acquisitions

# IP Protection Methods

- Training on IP Protection Methods prepared by IP Methods Working Group
  - Proprietary Agreements
  - Data Rights Markings
  - Trade Secrets, Patents, Copyright
- Best Practices Review Process
  - Capture internal processes and procedures at major Prime Contractors for IP Protection
  - First Best Practices Review Panel held at NGC in April 2009

# Key IP Protection Metrics (KIPM)

1. Corporation has an established policy for IP Protection of their suppliers
2. Corporation provides training material to their suppliers on their policy
3. Corporation provides internal training on their policy
4. Corporation has an identified individual responsible for implementing policy
5. Contact information provided for Corporate individual empowered to deal with reported IP Protection issues
6. Corporation have committed to a small business subcontracting plan
7. DCMA and SBA audit results show Corporation is meeting Small Business subcontracting goals

# Patent Issue: FAR 52.227-1 Authorization and Consent

- (a) *The Government authorizes and consents to all use and manufacture, in performing this contract or any subcontract at any tier, of any invention described in and covered by a United States patent—*
- (1) *Embodied in the structure or composition of any article the delivery of which is accepted by the Government under this contract; or*
  - (2) *Used in machinery, tools, or methods whose use necessarily results from compliance by the Contractor or a subcontractor with (i) specifications or written provisions forming a part of this contract or (ii) specific written instructions given by the Contracting Officer directing the manner of performance.*

## **28 U.S.C. 1498(a)**

*Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and entire compensation for such use and manufacture. . .*

# Experience of Tenebraex

- Developed and patented innovative method of hiding reflections from soldier's optics (ARDs) using own investor's capital (no government money used for R&D)
- At request of a major contractor, designed and built ARDs they used to meet a requirement in their response to an Army solicitation
- Contractor won solicitation and informed Tenebraex that they would make the ARDs themselves
  - “ Due to the Authorization and Consent clause of the Federal Acquisition Regulation 52.227.1, we have no need to examine either the coverage or the referenced patent or its validity.”
- Patent holder cannot sue the infringer - only recourse is to sue government in Court of Federal Claims
  - Suit for a royalty and legal fees >\$1.5 million
  - File Administrative Action for royalty only >\$150K

# AF/Spectrum CRADA Experience



**Purpose was to develop a new  
Munitions Assembly Conveyor (MAC)**

# AF agreed to protect Spectrum's pre-CRADA IP

UNIT agrees that any designs, technologies, or the integration of technologies developed under COLLABORATOR funds are proprietary to COLLABORATOR.

<sup>12</sup> Consistent with these provisions, an internal Air Force e-mail, dated on or about September 27, 2000, recognized – “Any preexisting proprietary data was specifically excluded under the CRADA as outlined in the work plan. Therefore, the CRADA has nothing to do with Spectrum data rights on data not generated under the CRADA. The government is under obligation to protect from release any pre-existing proprietary data.”



# CRADA Data is protected by Law

Per DFAR 252.227-7018(b)(4), *for 5 years from completion of the project*, the Government cannot disclose SBIR Data or Software except

- as expressly permitted by Contractor
- for evaluation purposes
- when necessary for emergency repair or overhaul of items operated by the Government

## **IP Rights breached in post-CRADA Procurement**

- AF disclosed Spectrum's pre-CRADA IP to Gov't personnel drafting a RFP
- Provided Spectrum's IP to outside contractors in both draft and final RFP
  - Despite Spectrum's complaints that they included its IP
- Contract awarded to competitor

## Court's Ruling

“The court need go no further. Based on the foregoing, it finds that the Air Force repeatedly breached the CRADA and that defendant should be held liable therefor.”

“The court has little doubt that the breaches here resulted in recoverable damages – at least sufficient enough to move this case into its next phase.”

“[T]he parties shall conduct at least one serious discussion regarding settlement.”

# Issues with Equal Access to Justice Act

- Equal Access to Justice Act (Public Law 96–481; 94 Stat. 2325 et seq.) “EAJA”
  - Was intended to make the justice system more accessible to individuals of modest means, small businesses, and nonprofit organizations through limited recovery of their attorneys fees when they prevail in disputes with the Federal Government;
- EAJA retains formidable barriers to attorneys’ fees recovery as well as inefficient and costly mechanisms for determining the fees recovery
  - “Substantial justification defense”, whereby the Government can deny attorneys’ fees recovery to prevailing small parties if the Government can show that its position, although proven illegal, was not abusive or entirely unreasonable;
  - Hourly rate cap on attorneys’ fees of \$125, which is well below the market rate for competent legal services in many legal markets (especially for complex and high-risk litigation against the Federal Government) and thus prevents fair reimbursement of attorneys’ fees for small parties and discourages competent counsel from undertaking meritorious cases on a contingency or reduced-fee basis; and
  - Outdated small business eligibility requirements, which have not increased or indexed for inflation the net worth threshold of \$7,000,000 established in 1985

# Protecting SBIR Developed IP

- Goal of SBIR program is to increase the number and quality of companies competing for DOD projects by improving the protection of IP
- DoD SBIR Program provides \$1B R&D investment annually for Small Business IP development
- NDIA survey highlighted specific areas of concern regarding improper IP protection when SBIR technology is transitioning into other DOD acquisition programs



# SBA SBIR Policy Directive IP Restrictions

- Government retains a royalty free license for Gov use of technical data resulting from SBIR
- Agency must refrain from disclosing SBIR technical data to outside the Government (except reviewers) and especially to competitors of the SBC
- Agency must not use the information to produce future technical procurement specifications that could harm the SBC that discovered and developed the innovation

# Phase III SBIR Contracts

- SBIR Phase III status should be given for work that derived from, extends, or logically concludes work begun under a Phase I/II contract.
- Contractor should receive Preference for Phase III work
- Contract should be designated as an SBIR Phase III in FPDS.
- SBIR Data Rights Clauses should be included
- Agencies are making different determinations on what constitutes a Phase III

# SBIR IP Issues Findings & Recommendations

- IP Protection Issues
  - “Pass-through” of Small Business IP to other contractors
  - Government use of Small Business IP in generating competitive procurements
  - Government or FFRDC use of Small Business IP in their own research
  - Misuse of material protected with SBIR data rights
- SBA Procurement Center Representative Role
  - Working Group assisted in developing training for PCRs in SBA SBIR Policy Directive
  - Training for SB in role of SBA PCR in identifying when acquisitions should be Phase III set aside

# Consequences of IP Violations

- IP misuse can be considered a Federal Trade Secret's act violation
  - Punishable by fine and/or imprisonment and removed from office or employment
  - **But** - No documented cases could be found of Federal employees ever being prosecuted for misuse of a company's IP
- Federal Claims Court Actions
  - Damages can be awarded
  - **But** - Equal Access to Justice Act limits cost reimbursement for legal fees to significantly below market rates
- Small businesses cease sharing IP with Primes & Labs
  - Programs lose innovations that could benefit warfighter

# **NDIA IP Protection SubCommittee Meeting June 3<sup>rd</sup> BallRoom D**

- 1:00 – 1:30 pm, Alison Brown, Overview of NDIA IP Protection Survey Results
- 1:30 – 2:15 pm, John Moran, Training in Methods of IP Protection
- 2:15 – 3:00 pm, Alison Brown, Role of an SBA PCR in SBIR Phase III Transitions





*Working Together to Deliver the Best Solutions Quickly*

## *The Naval Undersea Warfare Center Division Newport*

2 June 2009

Presented to:  
National Small Business Conference,  
Installation Opportunities Panel

By:  
CAPT Michael W. Byman  
Commander, NUWC Division Newport

Approved for Public Release  
Distribution is Unlimited



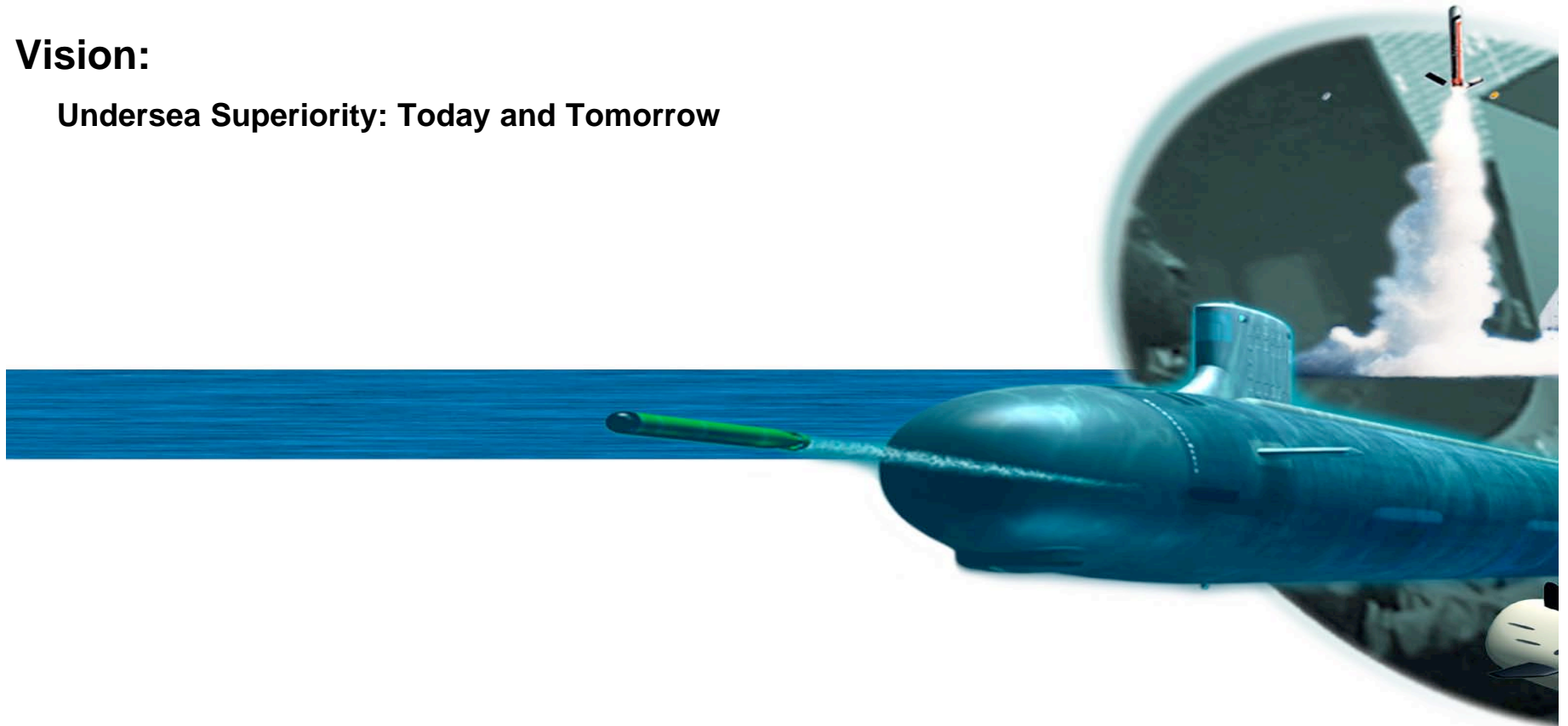
# Mission and Vision

## Mission

The Naval Undersea Warfare Center Division Newport provides research, development, test and evaluation, engineering, analysis and assessment, and fleet support capabilities for submarines, autonomous underwater systems, and offensive and defensive undersea weapon systems, and stewards existing and emerging technologies in support of undersea warfare. Executes other responsibilities as assigned by the Commander, Naval Undersea Warfare Center.

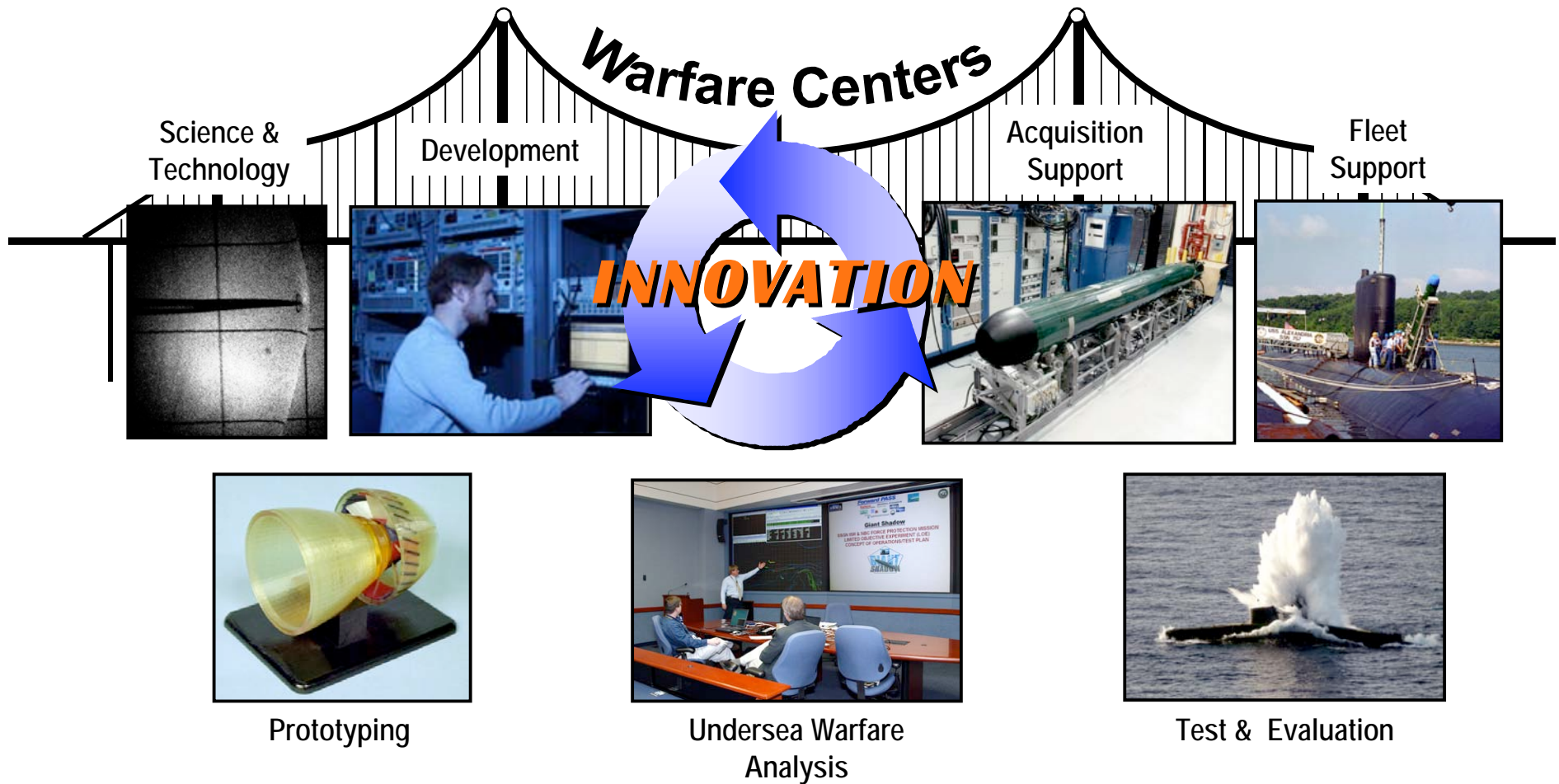
## Vision:

Undersea Superiority: Today and Tomorrow








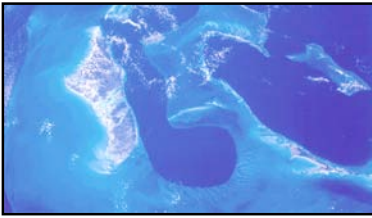


# Working Together to Deliver the Best Solutions Quickly



**Operating Principles: (1) Teamwork, (2) Integrity, (3) Accountability, (4) Initiative, (5) Respect**



# Division Newport: 140 Years Of Progress

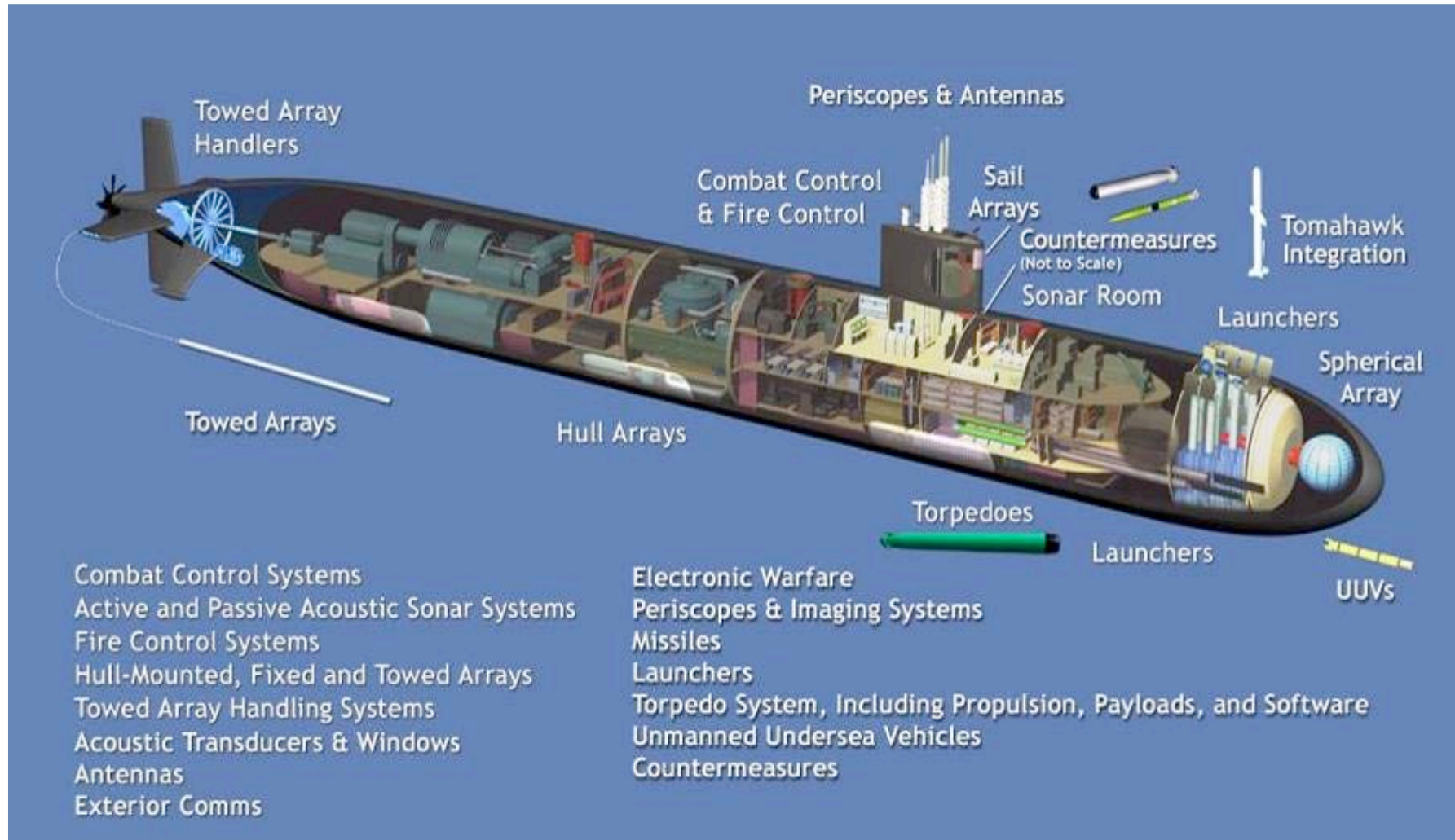
1869	1945	1966	1970	Today
 <p>Naval Torpedo Station at Goat Island 1869 - 1951</p> <ul style="list-style-type: none"> <li>• Torpedo Repair</li> <li>• Torpedo Ranging and Testing</li> <li>• Torpedo School</li> </ul>	 <p>Underwater Sound Lab New London, CT 1945 - 1970</p> <ul style="list-style-type: none"> <li>• Pioneers in Sonar Systems Development</li> </ul> 	 <p>Naval Undersea Weapons Research and Engineering Station 1966 - 1970</p>	 <p>Naval Underwater Systems Center 1970 - 1991</p> <ul style="list-style-type: none"> <li>• Growth of Test and Evaluation Functions</li> </ul>	<p>Naval Undersea Warfare Center Division, Newport 1992 - Present</p> <ul style="list-style-type: none"> <li>• Test and Evaluation</li> <li>• Engineering and Fleet Support</li> <li>• Autonomous Underwater Systems</li> </ul> 

*At the Forefront of Undersea Systems Development for Over a Century*





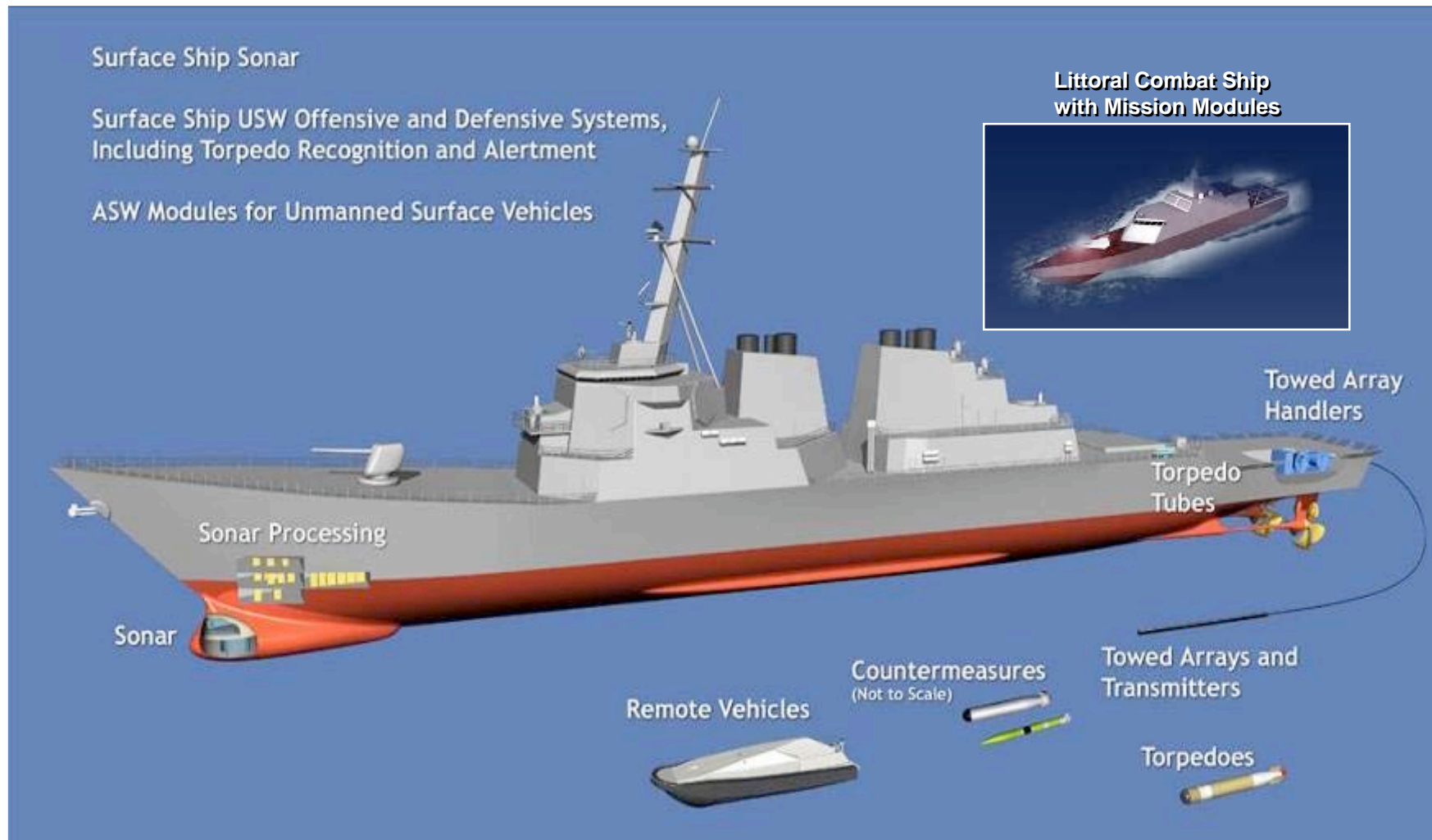
# NUWC's Contribution to Submarine Technology







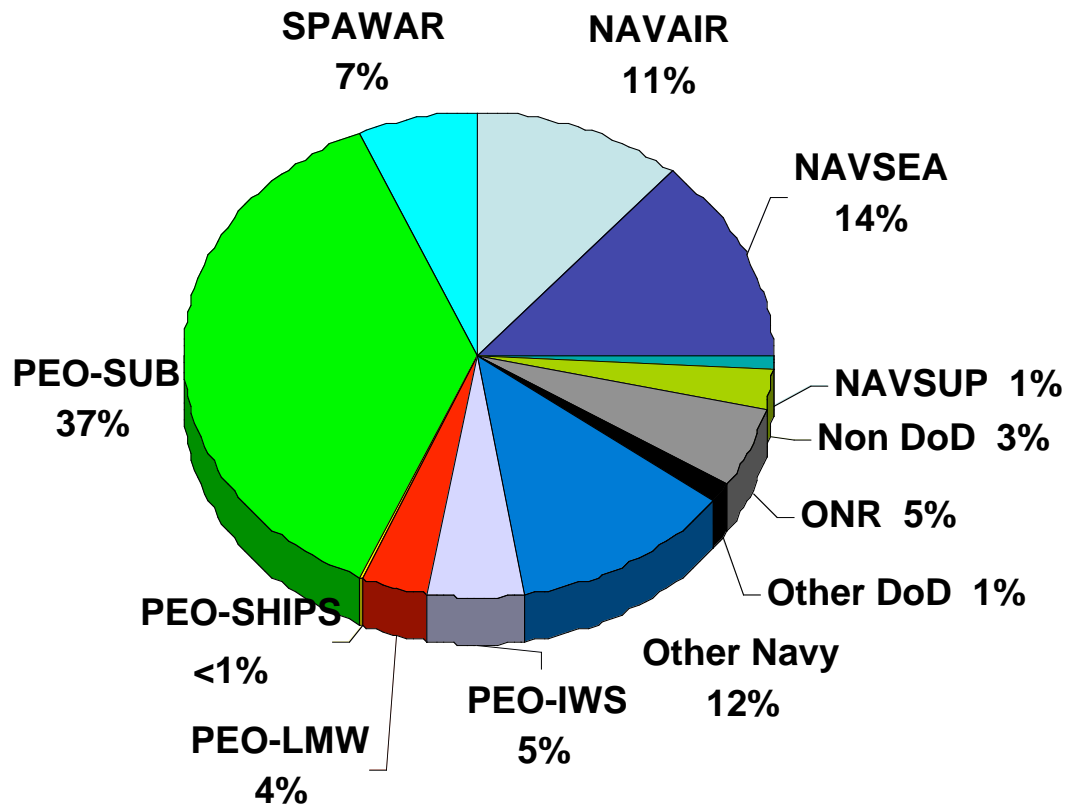
# NUWC's Contribution to Surface Ship Technology





# NUWCDI VNPT Customers

***Our FY08 Customers***  
**\$977.4M**



## ***Spectrum of Customers***

- Fleet
- Program and resource sponsors
- Scientific sponsors
- Intelligence community
- Defense industry
- Non-defense industry
- Foreign Navies

## ***We are a NWCF Activity***

- We're not a congressional line item
- Customers decide whether to bring work to the Warfare Centers
- NUWC is accountable for efficient delivery of products and services

***Provide Best Value to Our Customers***



# Small Business Opportunity Key Points of Contact

- **Mr. David Rego**
  - [David.rego@navy.mil](mailto:David.rego@navy.mil)
    - 401.832.1766
- **Dr. Theresa Baus**
  - Technology Partnership Enterprise Office
    - [Theresa.baus@navy.mil](mailto:Theresa.baus@navy.mil)
      - 401.832.8728



# Technology Partnership Enterprise Office (TPEO)

- **Partnerships and collaborations**
  - **Cooperative Research and Development Agreements (CRADAs)**
  - **Work for Private Party (WPP) agreements**
  - **Patent License Agreements**
- **Small Business Innovation Research (SBIR) & Small Business Technology Transfer (STTR)**
- **S&T Broad Agency Announcement (BAA)**

*Leveraging Partnerships and Collaborations to  
Enhance Capabilities for the Warfighter*



# Cooperative Research & Development Agreements (CRADAs)

- **Agreements between DIVNPT and one or more non-Federal parties to perform cooperative & mutually beneficial R&D consistent with the DIVNPT mission**
- **DIVNPT may provide personnel, services, facilities and equipment**
- **Non-Federal Collaborator may provide all of the above plus funds to DIVNPT**
- **Preference for small businesses**
- **Preference for businesses agreeing to manufacture products substantially in the U.S.**
- **Intellectual Property (IP) rights are covered in the agreements**





# Navy Potential Contractor CRADA

- **Establishes need-to-know to gain clearance**
- **Replaces NPC program no cost contract agreements**
- **Company continues development of product or service and provides yearly report on progress**
- **Division files paperwork with DSS that starts clearance process**
- **Three years duration**
- **Up to SECRET**



# Work for Private Parties (WPP)

- **Provides private party access to Government facilities and expertise**
- **Non-collaborative agreement**
- **Private parties pay the Government & must recover all costs of use of the facility and associated Government labor**
- **References for details:**
  - **10 USC 2539B (Test Services)**
  - **10 USC 2563 (Engineering Services)**
  - **10 USC 2681 (AUTEC Range Services)**
- **Cannot compete with industry – Government has to be the only source for the work/services required**



# Patent License Agreements

- **Dual-use commercialization leverages NUWC's R&D**
- **Exclusive and non-exclusive licenses available**
- **License agreements in conjunction with a CRADA to support transition to commercial products**

***To Date, NUWCDIVNPT has Licensed 103 Patents***



# SBI R & STTR

## Program Descriptions

**2.5%**  
*of extramural  
R&D \$\$*

- **Small Business Innovation Research (SBIR)**
  - Set-aside program for small business concerns to engage in federal R&D -- with potential for commercialization (11 federal agencies required to participate)

**0.3%**  
*of extramural  
R&D \$\$*

- **Small Business Technology Transfer (STTR)**
  - Set-aside program to facilitate cooperative R&D between small business concerns and U.S. research institutions -- with potential for commercialization (5 federal agencies required to participate)

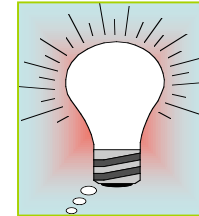
[www.dodsbir.net](http://www.dodsbir.net)



# SBIR/STTR: 3-Phase Programs

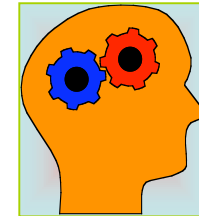
- **PHASE I**

- Feasibility Study
- ~\$100K for 6-9 months (SBIR) or 12 months (STTR)



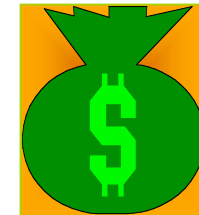
- **PHASE II**

- Full Research/R&D
- ~\$750K for 2 - 2.5 years (SBIR) or \$500K (STTR)



- **PHASE III**

- Transition Stage
- Use of non-SBIR/STTR Funds







# Role of the Resident Division Newport SBI R/STTR Coordinator

- **Coordinate all steps in Division participation**
  - Topic calls
  - Proposal evaluation
  - Contract award
  - Funds allocation and expenditure
- **Advise & inform on effective program use**
  - Division scientists and engineers
  - Small businesses
  - Washington program managers
  - Prime contractors
- **Facilitate partnerships for transition**
- **POC:**
  - Mr. Jack Griffin, (401) 832-7283
  - John.F.Griffin@navy.mil

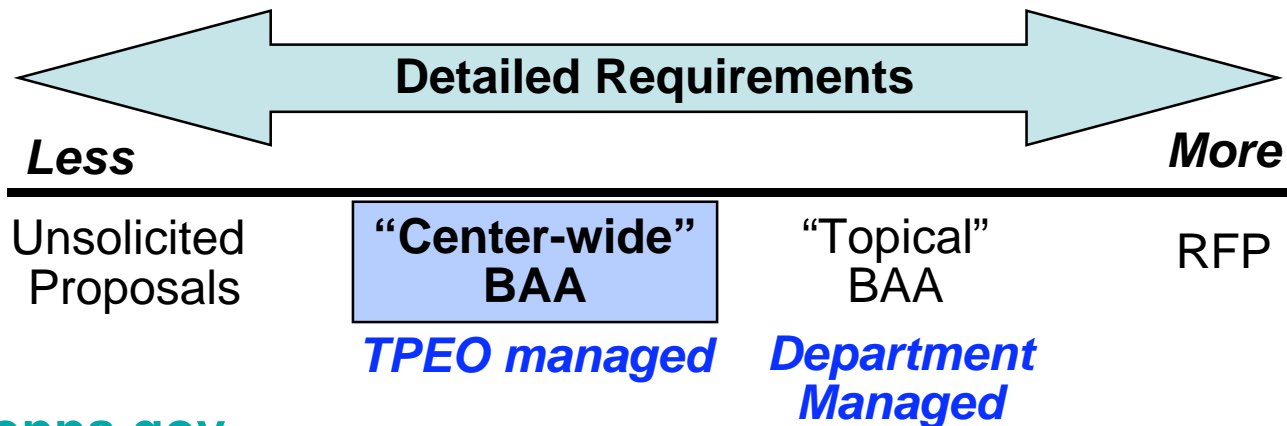


# Science & Technology Broad Agency Announcement (BAA)

- Center- wide BAA (S&T focus) – always ‘open’ & currently posted – invitation to submit proposals

***For better defined technical needs:***

- Topical BAAs
  - Focused subject matter with more specific needs defined
  - published periodically (usually with a ‘closing date’ )



[www.fedbizopps.gov](http://www.fedbizopps.gov)

For NUWC specific BAAs see ...

[www.npt.nuwc.navy.mil/contract](http://www.npt.nuwc.navy.mil/contract)



# TPEO Points of Contact

## **Technology Transfer Coordinator**

- **Cooperative Research and Development Agreements (CRADAs)**
- **Mary Sylvia, [mary.sylvia@navy.mil](mailto:mary.sylvia@navy.mil) (401) 832-3339**

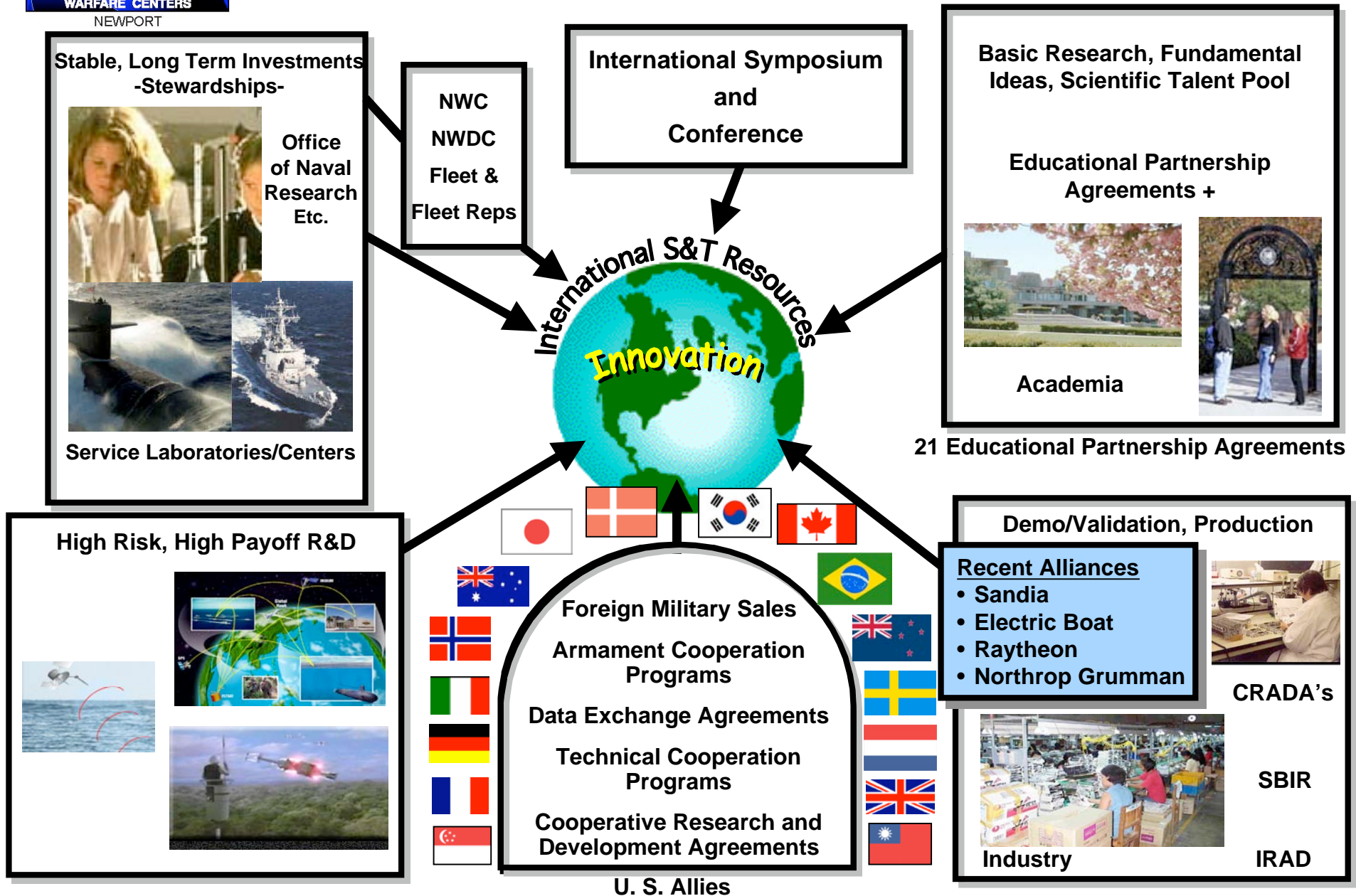
## **SBIR/STTR Program Coordinator**

- **Jack Griffin, [john.f.griffin@navy.mil](mailto:john.f.griffin@navy.mil), (401) 832-7283**

## **University & Industrial Programs**

- **Education Partnership Agreements**
- **Center Wide S&T Broad Agency Announcement**
- **Intergovernmental Personnel Agreements**
- **NPC CRADAs**
- **Dr. Greg Jones, [gregory.b.jones1@navy.mil](mailto:gregory.b.jones1@navy.mil), (401) 832-1681**

# Collaboration on a Global Basis

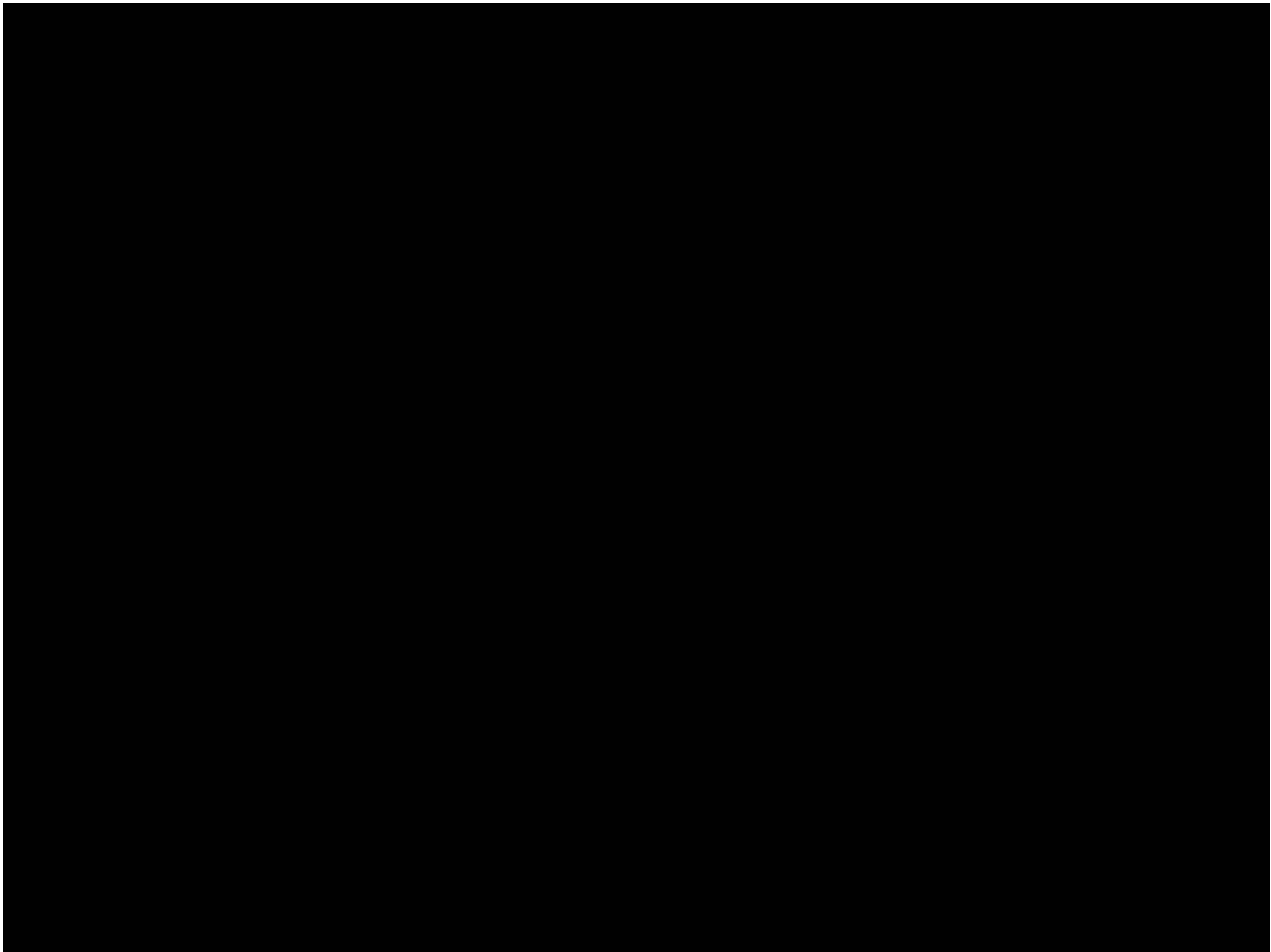






**-WARNING-**  
**INNOVATION**  
**IN PROGRESS**





# ***Headquarters U.S. Air Force***

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***Integrity - Service - Excellence***

## **Small Business Reaching Beyond Goals**



**Mr. Ronald Poussard  
Director, Small Business Programs  
SAF/SB  
May 20, 2009**

**U.S. AIR FORCE**

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**U.S. AIR FORCE**

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***Integrity - Service - Excellence***



**U.S. AIR FORCE**

# ***Mission and Vision***

## ■ **Air Force Small Business Vision**

We will reach *Beyond Goals* to make Small Business the solution of choice to meet the needs of the Air Force mission

## ■ **Air Force Small Business Mission**

To create and deliver strategies that bring innovative, agile and efficient Small Business solutions to the Air Force to fly, fight and win in air, space and cyberspace and it is exemplified through this *Beyond Goals* strategy

**Innovation - Agility - Efficiency - Economy - Diversity!**

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**U.S. AIR FORCE**

# ***Strategic Objectives Aligned to Air Force Priorities***

<b>Reinvigorate the Nuclear enterprise</b>	<b>Partner with the Joint Coalition team to Win Today's Fight</b>	<b>Develop and Care for Airmen and Their Families</b>	<b>Modernize Our Air and Space Inventories, Organizations, and Trainings</b>	<b>Acquisition Excellence</b>
<b>Create and Deliver the Right Small Business Options and Solutions to the Warfighter</b>	<b>Create and Deliver the right Small Business Options and Solutions to the Warfighter</b>	<b>Develop a Mission Ready Small Business Work Force</b>	<b>Create and Deliver the Right Small Business Options and Solutions to the Warfighter</b>	<b>Create and Deliver the Right Small Business Options and Solutions to the Warfighter</b>
	<b>Foster Awareness and Advocacy of Small Business Capabilities to Support Mission Needs</b>	<b>Foster Awareness and Advocacy of Small Business Capabilities to Support Mission Needs</b>	<b>Develop a Mission Ready Small Business Work Force</b>	<b>Develop a Mission Ready Small Business Work Force</b>
			<b>Foster Awareness and Advocacy of Small Business Capabilities to Support Mission Needs</b>	<b>Foster Awareness and Advocacy of Small Business Capabilities to Support Mission Needs</b>
			<b>Implement and Execute Initiatives to Achieve DOD Small Business Program Goals</b>	<b>Implement and Execute Initiatives to Achieve DOD Small Business Program Goals</b>





U.S. AIR FORCE

# A Strategy

## Beyond Goals

- Brings innovation, agility and efficiency of small businesses to mission of Air Force
- Pushes beyond traditional method of measuring success by percentages
- Ensures Warfighters' access to comprehensive set of capabilities

*From Small Business Advocates...  
to Advocates for the mission...  
met with small business solutions!*

## Small Business Solutions of Choice!

*Integrity - Service - Excellence*



**U.S. AIR FORCE**

# ***Small Business Mission Impact***



**Innovation**

**Agility**

**Efficiency**

**Economy**

**Diversity**

**Single Digit G & A**

***Integrity - Service - Excellence***



**U.S. AIR FORCE**

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## ***Small Business - New Goals***

- **Deliver Solutions - tactical and strategic**
  - Establish Small Business Solution Center
  - A market research/data analysis power house
  
- **Increase Leadership Awareness**
  - Focus Small Business accomplishments/value to the mission
  
- **Create a Small Business Force**
  - Community of Practice (COP), Outreach, enterprise knowledge
  
- **Exceed 23%**
  - Target strategies to strengthen the small business program

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# ***Pilot Initiative SB Solution Center***

**U.S. AIR FORCE**

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- **Proactive market research to influence and shape acquisition strategies to promote small business solutions**
- **Places small business focus on:**
  - **Data analysis**
  - **Training**
  - **Strategic Sourcing analysis**
  - **Market research and outreach**
  - **Customer and industry outreach**
  - **Strategy development**
- **Provides Knowledge Sharing**
  - **COP**
  - **Collects data and lessons learned**
  - **Disseminates to the field**
- **Develops tools and implements processes to maximize utilization of small business**

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# ***“SBS Training Programs Bluing” Mandate***

**U.S. AIR FORCE**

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**What are the needs of new SBS? They need to know ....**

- **The mission of the Air Force Small Business Programs**
- **Their role in advising PMs/COs about SB Options/Solutions in support of the organization’s mission**
- **How to justify SBSs’ actions based on mission requirements supported with a business case presentation**
- **Their role in commodity councils and/or acquisition strategy panels supported with market research information**
- **How to provide input to update and revise laws, policies, and regulations that affect small business programs**
- **How to prepare “Contract Action Reports” that provide metrical snapshots that will assist commanders/directors, as well as SAF/SB, in measuring the organization’s progress**

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**U.S. AIR FORCE**

# ***AF Small Business Success***



***“It’s exactly what we need and practical for Vandenberg.”***

***Mark Farias, Chief, Fire and Emergency Services, Vandenberg AFB, Calif.***

- **Specialized fire trucks at Vandenberg AFB needed refurbishment/upgrades.**
- **Small Business solution provided customer-specific repairs that will add 10 years to a vehicle’s life.**

*“(Fire department officials) made sure they looked at every aspect, weighed all their options and really did their homework.”*

*Dee Perry, 30th Space Wing  
Small Business Specialist*

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**U.S. AIR FORCE**

# ***AF Small Business Success***

- **Small Business Falcon Program at McGuire AFB – 75% reduction in bird strikes**
- **Washington Post Story, Nov 3, AF Looking for Falcons to Help Reduce Bird strikes in Iraq**

*“Even with the most advanced technology available today, an 80-ton U.S. Air Force aircraft still relies on a winged ally that weighs in at about 2 pounds.”*



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**U.S. AIR FORCE**

***Booth***



***Integrity - Service - Excellence***



**U.S. AIR FORCE**

# ***Newsletter***



***Integrity - Service - Excellence***





U.S. AIR FORCE

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*Coin*



*Integrity - Service - Excellence*





# www.AirForceSmallBiz.org

U.S. AIR FORCE

The screenshot displays the homepage of the U.S. Air Force Small Business website. The header features the U.S. Air Force logo and the tagline "PUTTING INNOVATION, EFFICIENCY & AGILITY TO WORK IN SUPPORT OF THE AIR FORCE MISSION". Navigation tabs include "FOR GOVERNMENT LEADERSHIP", "FOR INDUSTRY", "FOR THE ACQUISITION COMMUNITY", and "FOR MEDIA".

Key sections visible include:

- BEYOND GOALS:** A large graphic with the text "Beyond Goals" and a description of the strategy to bring innovation, agility, and efficiency to the mission of the Air Force.
- SPOTLIGHT:** A section titled "Predators Launch at Edwards AFB" with a "CLICK FOR MORE INFO" link.
- NEWS:** A list of recent news items, including "Vendors get the government low-down" and "AF officials spread word about innovation".
- Contract Opportunities:** A section with a search bar and filters for "Contract Type" and "Award Date".
- Outreach Events:** A calendar view for May 2009.
- Current Statistics for Air Force Small Business:** A section with a bar chart showing growth.

The footer contains a disclaimer, privacy and security links, and a page last updated date of April 30, 2009.

*Integrity - Service - Excellence*



**U.S. AIR FORCE**

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## ***Contact Us***

**Office of Small Business Programs**

**SAF/SB**

**1060 Air Force Pentagon**

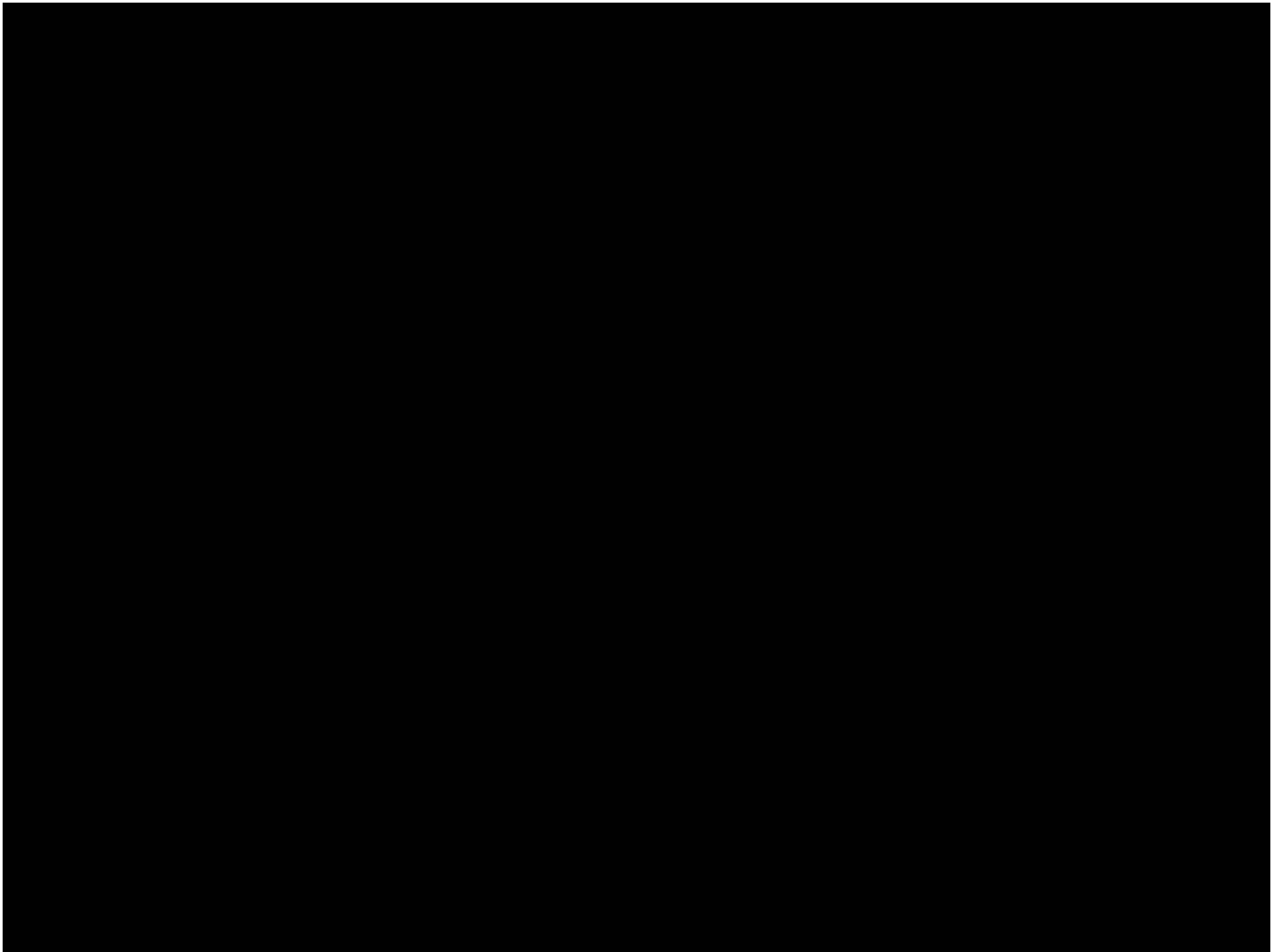
**Washington DC 20330-1060**

**703-696-1103**

***[www.AirForceSmallBiz.org](http://www.AirForceSmallBiz.org)***

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# Northeast Veterans Business Resource Center

501 (c)(3) Nonprofit Organization







# Innovations in Expanding the Participation of Service Disabled Veterans in the Establishment and Operation of Small Businesses

**NDIA**

National Defense Industrial Association

Promoting National Security Since 1919




Hyatt Regency Hotel  
Newport, Rhode Island  
June 2<sup>nd</sup>, 2009



*Serving American heroes, one business at a time.*





# Public Law Charter

PUBLIC LAW 106-50—AUG. 17, 1999

113 STAT. 233

## *Veterans Entrepreneurship and Small Business Development Act of 1999*

Public Law 106-50  
106th Congress

### An Act

To provide technical, financial, and procurement assistance to veteran owned small businesses, and for other purposes.

Aug. 17, 1999  
[H.R. 1568]

*Be it enacted by the Senate and House of Representatives of  
the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the “Veterans Entrepreneurship and Small Business Development Act of 1999”.

#### SEC. 2. TABLE OF CONTENTS.

Veterans  
Entre-  
preneurship and  
Small Business  
Development Act  
of 1999.  
15 USC 631 note.

*Serving American heroes, one business at a time.*

# The Network

Boston, MA

Pittsburgh, PA

Sacramento, CA

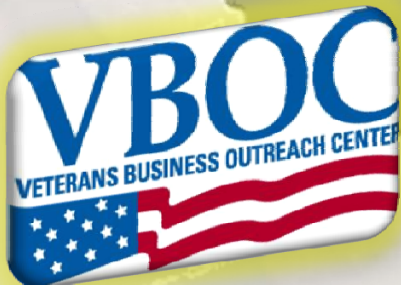
Flint, MI

St. Louis, MO

Edinburg, TX

Lynn Haven, FL

Farmingdale  
NY



*Serving American heroes, one business at a time.*





# Services

## Full Service Business Center

- **Start Up**
- **Access to Capital**
- **Growth/Expansion**
- **Federal Procurement**
- **Marketing/Market Research**
- **Deployment Prep/Recovery**





[www.nevbrc.org](http://www.nevbrc.org)  
[Lcelli@nevbrc.org](mailto:Lcelli@nevbrc.org) (617) 938-3933

**Northeast Veterans Business  
Resource Center Inc.**



# RDECOM Natick Soldier System Center Natick, MA

Opening in 1953, Natick Laboratories, and its many namesakes throughout the years, has served as the research and development center for the Army soldier.

Located in Natick, Mass, central to New England's science and academic community.







## Cheryl DeLuca Chief, Natick Contracting Division

The Natick Contracting Division (NCD) is a full service contracting organization managing integrated acquisition including services, supplies and research and development



# Mission:

---

In general terms: "Anything a Soldier wears, carries, eats, or lives in..." falls within our purview. When you see a soldier in the field, everything from helmet to boots, ballistic protection, shelter systems and parachutes were originally researched, developed, and acquired through the efforts of the Natick Soldier System Center and Natick Contracting Division.



## Who do we support? The Soldier.

---

### Major Organizations Include:

Natick Soldier Center (NSC)

Program Executive Office - Soldier

PM Force Sustainment Systems (PM-FSS)

PM Special Operations Forces Survival Systems (PM-SOF)

United States Marine Corps

Integrated Logistic Support Center (ILSC)

Naval Health Research Center (NHRC)

Joint Program Executive Office for Chemical and Biological Defense

Joint Program Executive Office for Individual Protection

Army Combat Readiness Center (CRC)

Department of Homeland Security (DHS)

Installation Management Command (IMCOM)

Defense Advanced Research Projects Agency (DARPA)

US Army Research Institute of Environmental Medicine (ARIEM)

US Coast Guard



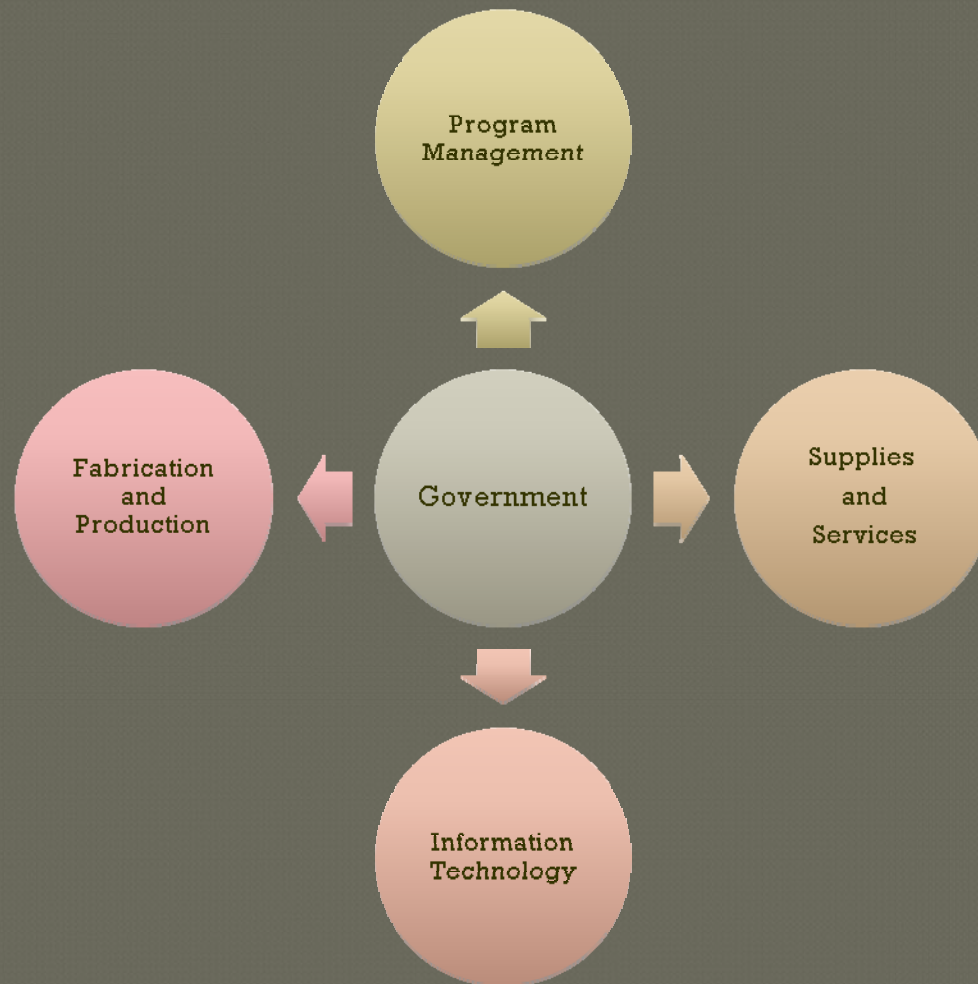
# Small Business and Government

---

- ◉ Do not underestimate your business
- ◉ The U. S. Army outsources a wide variety of skill sets to small business.
- ◉ Small Business can get more than just left-overs
- ◉ Small Business brings the advantage of flexibility and affordability commensurate with its size.
- ◉ Direct participation in the partnership

# Variety of Opportunities

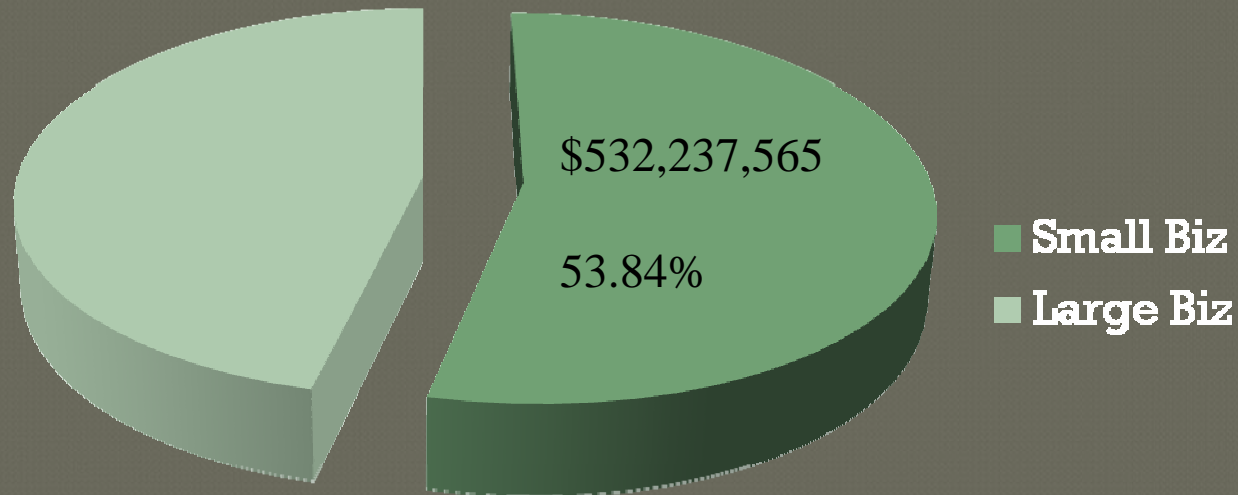
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# FY08 awards to small business

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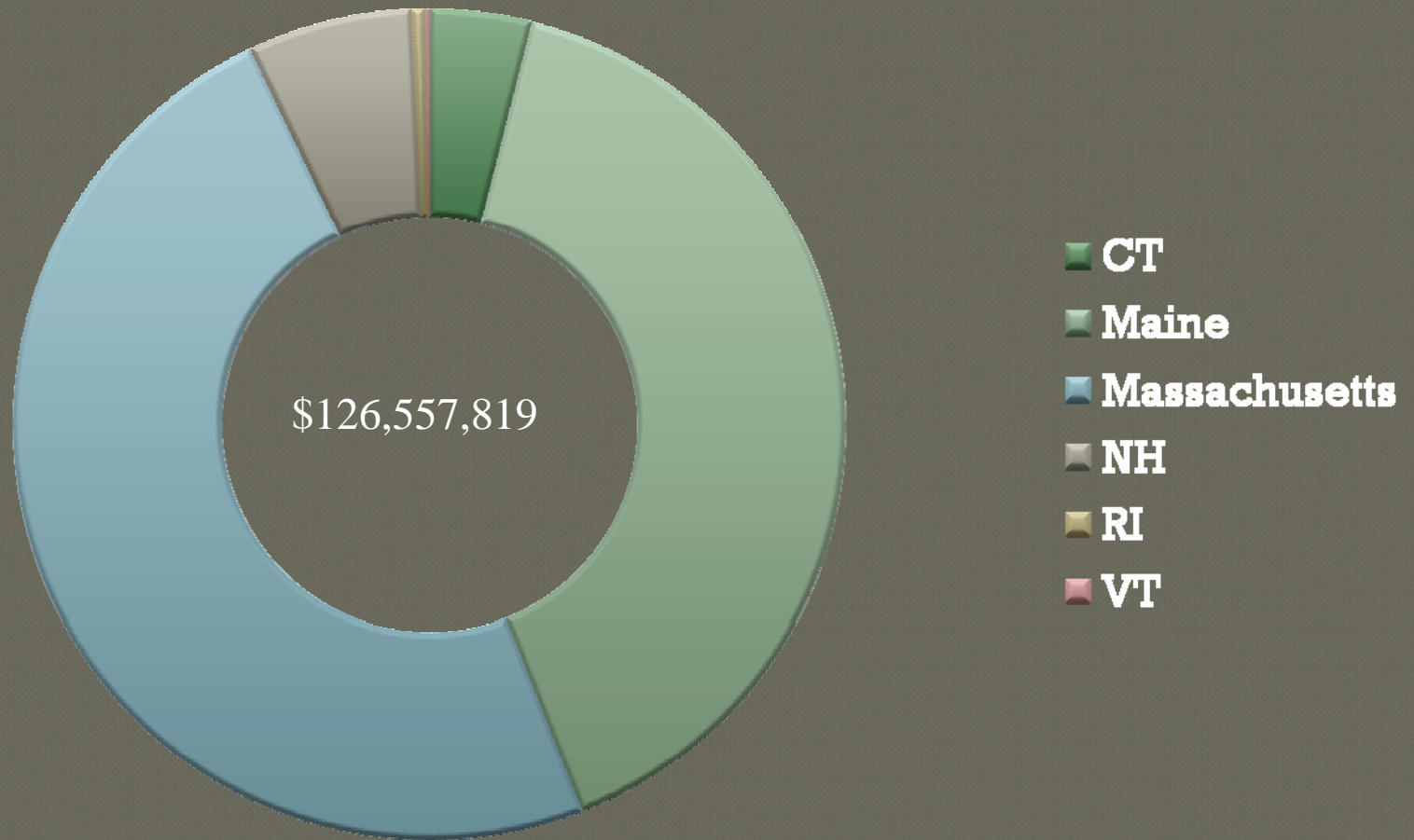


FY08 small business awards for New England: **\$126,557,819**

NCD exceeded the U. S. Army FY08 goals by 11%

# FY08 Small Business Awards for New England

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# Showcasing Small Business

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**SYSTEM:** Extended Cold Weather Clothing System (ECWCS)

**Business:** Atlantic Diving Supply Co.

**5-Year Program Value \$707 Million**

**Insulated layering system  
Fleece shirts and pants  
Silk-weight undergarments**





# Showcasing Small Business

---

**SYSTEM:** The Large Area Maintenance Shelter (LAMS)

**Business:** Clamshell Structures

**5-Year Program Value \$87.2 Million**

Semi-mobile shelter platform  
system supporting aviation and  
ground combat vehicles





# Participation

---

## **SYSTEM:**

**The Joint Precision Airdrop System (JPADS)**

## **Businesses:**

**Airborne Systems (LB)**

**S.E., Inc. (SB)**

**Para-Flite (LB)**

**5-Year Program Value \$116.4 Million**

**10k and 2k configurations**

**This is a new air delivery system**





# Participation

---

## **SYSTEM:**

**Advanced Combat Helmet (ACH)**

## **Businesses:**

**Specialty Defense Systems (LB)**

**Mine Safety Appliance Company (LB)**

**Gentex Corporation (LB)**

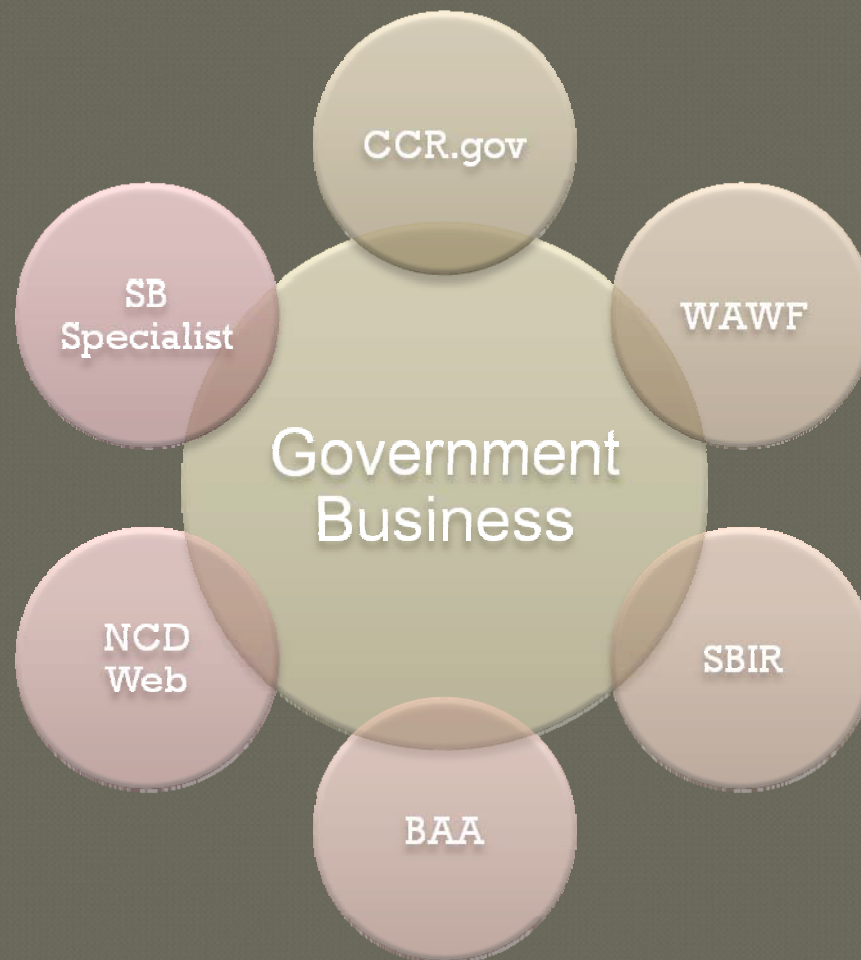
**Rabintex USA (SB)**

**5-year Program Value \$200 Million**  
**Replaces the PASGT helmet**



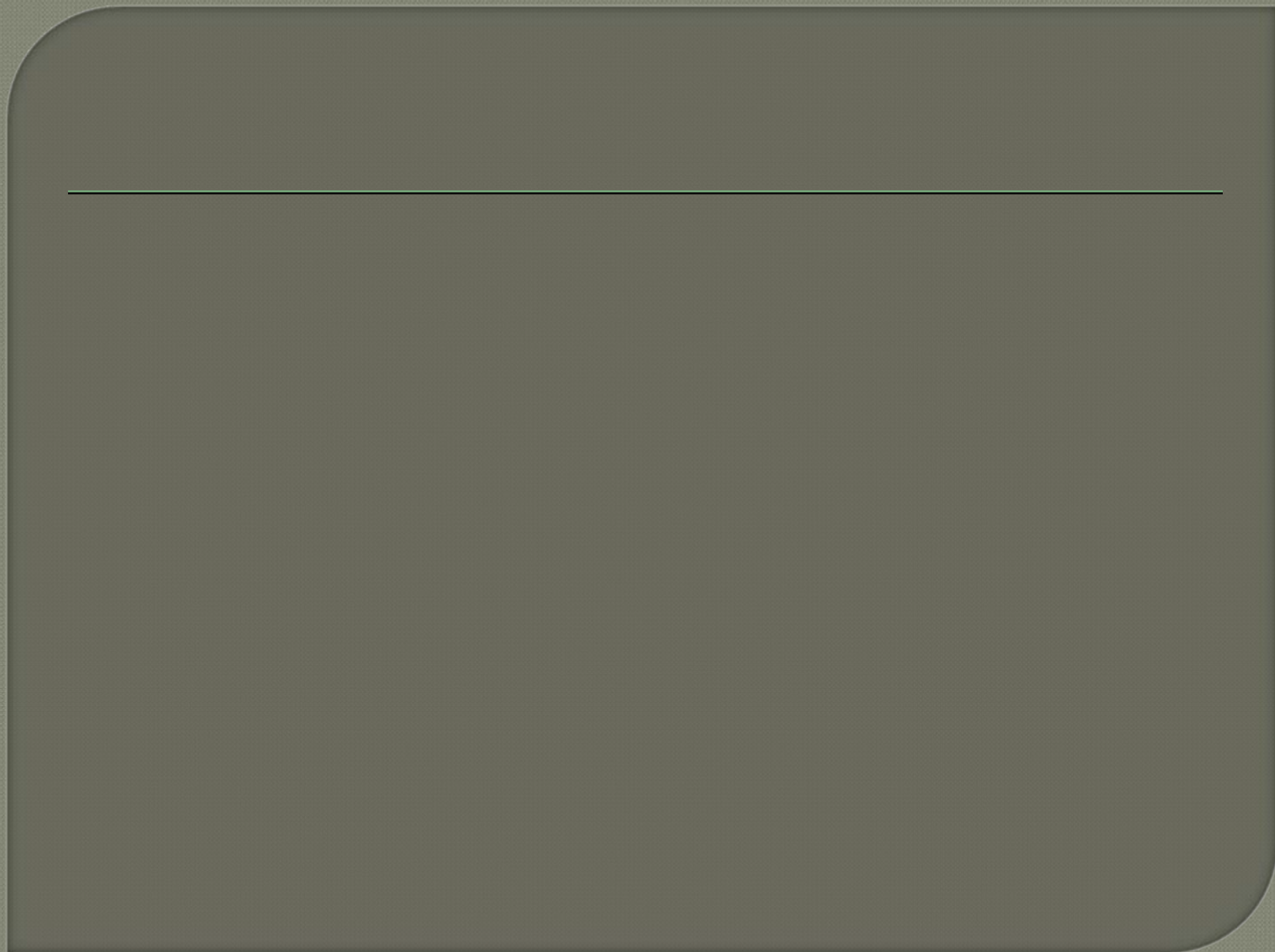
# Where do I go from here?

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<https://www3.natick.army.mil>









# **Small Business Perspectives**

## **National Defense Industrial Association**

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# **USAF Electronic Systems Center**

**Office of Small Business Programs ESC/SB**

**June 2009**

## **Small Business Topics**

Presented by  
Bill Donaldson  
(781) 377-2533



# OVERVIEW

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- **News Items in the Small Business World**
  - **Rothe Development Corporation (US Court of Appeals)**
  - **International Program Group (GAO)**
  - **Delex Systems Inc. (GAO)**
- **Electronic System Center Opportunities**
- **Advice to Small Businesses - Subcontracting**
- **Questions**



# Small Business News

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## 1. Rothe Development Corporation

- Stems from 1990 contract; U.S. Court of Appeals (West Texas District) finding on 4 Nov 08
- Potential impact on Small Disadvantaged Business
- At issue is SDB classification, goal and related issues
- Status: All over say for legal fees!
- Policy/Regulation Changes
  - Eliminated the HBCU/MI goal
  - No effect on SDB status



## Small Business News (con.)

---

### 2. International Program Group (IPG) Inc.

- Stems from IPG protest to GAO; GAO finding on 19 Sep 08
- Potential impact on **HubZone** / **SDVOSB** Set Asides
- At issue is **precedence** of aforementioned Set Asides
- GAO: HubZone S/A Mandatory when 2 or more capable **AND** 2 or more offers expected at Fair Market Price
- At issue is contracting officer discretion between the two
- **Policy/Regulation Changes**
  - HubZone trumps SDVOSB status





## Small Business News (con.)

---

### 3. Delex Systems Inc.

- Stems from Jun 08 Delex protest to GAO; GAO finding on 8 Oct 08
- Potential impact on Fair Opportunity (FAR 16.505(b))
- At issue is FAR 19.502-2(b) (Small Business Set Asides) **harmonization** with FAR 16.505(b) on M/A IDIQ contracts
- Allows SB set asides in a *Fair Opportunity* Environment
  - Set-aside provisions (Rule of Two) apply to Task/Delivery Orders
  - TOs & DOs considered individual contracts
- Status: Undergoing scrutiny by DOJ & OSD for effect on DoD programs - 15 Dec 08 Washington, DC Conference.



## Delex....(Continued)

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- Policy/Regulation Changes
  - In “Standby Mode”
  - Awaiting direction from OSD, OFPP or FAR
- Potential Outcomes:
  - Requiring Activity will complete Market Research as to SB capability & order of Precedence – 8(a) – HubZone – SDV
  - RFIs to SBs to determine if two or more are capable and will submit proposal (Navy PCO assumed not - w/o contacting)
  - Must be able to perform 50% of work – Limitations of Subcontracting Clause (FAR 52.219-14)
  - SBs must have capacity & capability
  - DD Form 2579 – Small Business Coordination required for each TO/DO – No “Blanket” 2579s!



## Delex....(Continued)

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- GAO (and SBA's) Logic:
  - “Rule of Two” implements Small Business Act (1953) and operates independently of FAR Part 6.
  - Nothing in CICA (1984) or Federal Acquisition Streamlining Act (1994) exempts TOs & DOs from the “Rule of Two”
  
- Implications:
  - Although GAO decisions are not binding on govt agencies, they are almost always followed, in part because any noncompliance is reported to Congress.



## Delex....(Continued)

---

- Implications:

- Procurement delays likely as govt agencies conduct requisite Market Research – more written determinations likely – Last Line in FAR Part 10: “Agencies should document the results of market research in a manner appropriate to the size and complexity of the acquisition.”
- Negates some of the simplicity of M/A IDIQs
- **No effect on GSA’s Multiple Award Schedule (MAS) Program** - Delex D/N overturn GAO’s prior decisions that Small Business Set asides do not apply to GSA’s MAS ordering procedures (FAR 8.404(a) & FAR 19.502-1) Both indicate SBSA Requirements D/N apply to MAS contracts.
- Due to the way the SBA of 1953 is written, there is potential to petition FAR Councils & OFPP to exempt M/A IDIQs from the “Rule of Two” as done with GSA’s MAS.





## Delex....(Continued)

---

- So, Why the Delay?
  - Both proponents and opponents of the Delex decision are engaging in lobbying activities in connection with the ruling.
- In the Big Picture...
  - Delex is the first published GAO decision sustaining a bid protest under its new jurisdiction (May 27, 2008) over TOs and DOs of \$10M and more.
  - Since then, more than 70 such protests were filed – most are still pending at GAO.



## Electronic System Center Opportunities

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- The United States Air Force Electronics System Center is a Research, Development, Test and Evaluation (RDT&E) Center. Our opportunities, as well as points of contact can be found at:  
<http://www.herbb.hanscom.af.mil/> . When there, be sure to sign up for free email updates in the yellow box. Our opportunities can be found in the “Business Opportunities” box in the upper right hand corner of the home page.
- Call me at (781) 377-2533 or  
[bill.donaldson@hanscom.af.mil](mailto:bill.donaldson@hanscom.af.mil)



# Advice to Small Businesses

---

The HERBB is not a panacea – among my peeves:

- Dollar Values not always advertised
- Interchangeable use of “RFI” and “SSS”
  - Look closely
  - Never ASSUME
- Support Contractors are just that – not competitors!
- Unresponsive PCOs, PMs – Call me!
- Some items – “Long of Tooth”



## Advice to Small Businesses (con.)

---

- Consider RFIs an ESSAY TEST – not FIB or T/F!
  - Sure you can't do everything – can you do half?
    - Explain how your team will do what you can't – be specific!
    - Use “big brother” to help w/ shortcomings
    - Know FAR 52.219-14 – Limitations on Subcontracting
    - 50% v 51%...or 15% (Construction) or 25% (Special Trades).....
  - Timeliness is important, but sometimes not critical.
- Involve the SB Specialist early – Communicate!
- Attend Industry Days – Network, Network, Network!
- Let me do a Capability Briefing....PLEASE!!!
  - Industry Days – seldom used optimally by SBs.
  - Bring a “Gun” to the Gunfight – Knives don't do too well!





## Subcontracting May be the Way

---

- In the DoD, since 1989 - Small Businesses average over 39% of Large Business subcontract dollars!
  - Goal is currently 37.2%
  - “Bad” years were:
    - 1991 – 34%
    - 2002 – 34.1%
    - 2004 – 34.5%
  - All other years ranged 37.0 to 42.5%

*There are significant Subcontracting Opportunities!*



## Subcontracting Philosophy

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- FAR 19.7 Requires large businesses to make a **good faith** effort to increase small business participation in their USG Contracts .
- 5 U.S.C. 637(d)(4)(f) directs that a contractor's failure to make a **good faith** effort to comply with the requirements of the subcontracting plan shall result in the imposition of liquidated damages.
- Contractor Performance Assessment Reporting System (**CPARs**) now considers subcontracting performance!



# CPARS Subcontracting Assessment

---

- Compliance with terms and conditions of the contract for Small Business participation
- Compliance with individual subcontracting plan
  - Good faith effort towards meeting goals
  - Identification of potential sources and efforts made to assure SB had equitable opportunity to compete
  - Data from eSRS / SF 294s/295s
- Compliance with comprehensive plan including submission of any required program specific data
- May require DCMA/ACO/PCO input



# CPAR Mechanics

---

- ...In the Evaluation Areas of Block 18, the Assessing Official should assess whether the contractor met small/small disadvantaged and women-owned business participation goals in the Subcontract Management area on the Systems CPARS form and in the Business Relations area on the Services and IT CPARS form.
- Source: CPARS Instructions





## How to Become a Supplier/Subcontractor

---

- Potential Supplier:
  - Contact LB's Small Business Liaison Officer
  - Become familiar LB's Products & Requirements
  - Submit Letter of Intro & Company Info to SBLO
- Large Business:
  - Advises Supplier on Potential Subcontracting Opportunities
  - Forwards materials to Purchasing/Engineering/Other Using Organizations
  - Performs supplier evaluation



## How to Become a Supplier/Subcontractor (cont.)

---

- Typical Supplier Information Required:
  - -Type of Business                      -Number of Employees
  - -Financial Profile                      -Principal Product/Service
  - -Areas of Product Interest
  - -Description of Facilities/Equipment/Technical Capabilities
  - -Quality Assurance Standards (ISO Certification, Lean Principles, Six Sigma)
  - -Certifications – Small Business Categories
  - -North American Industrial Classification Codes



## How to Become a Supplier/Subcontractor (cont.)

---

- What Works:
  - Credibility
  - Quality Products – on time delivery – cost affordability
  - Proven Performance
  - Conferences/Trade Fairs – **INDUSTRY DAYS!!!**
  - Perseverance
  - Knowing the System
- What Doesn't:
  - Contacting High Level Executives
  - Demanding Business
  - Being Unprepared
  - Not Doing Your Homework



# ESC Office of Small Business Programs

---



## QUESTIONS?





# “Show Me the (Stimulus) Money”



## Business Opportunities Resulting from *the 2009 ARRA and Obama Administration*

2009 NDIA Small Business Conference  
Newport, Rhode Island  
June 3, 2009

Joe Donovan, Nelson Mullins Public Strategies

**Nelson  
Mullins**

# The Agenda

- ❖ What's "Changed"
- ❖ Your Business Opportunities
- ❖ Keys to Success



# ❖ What's “Changed”

## The Marshall Plan for America

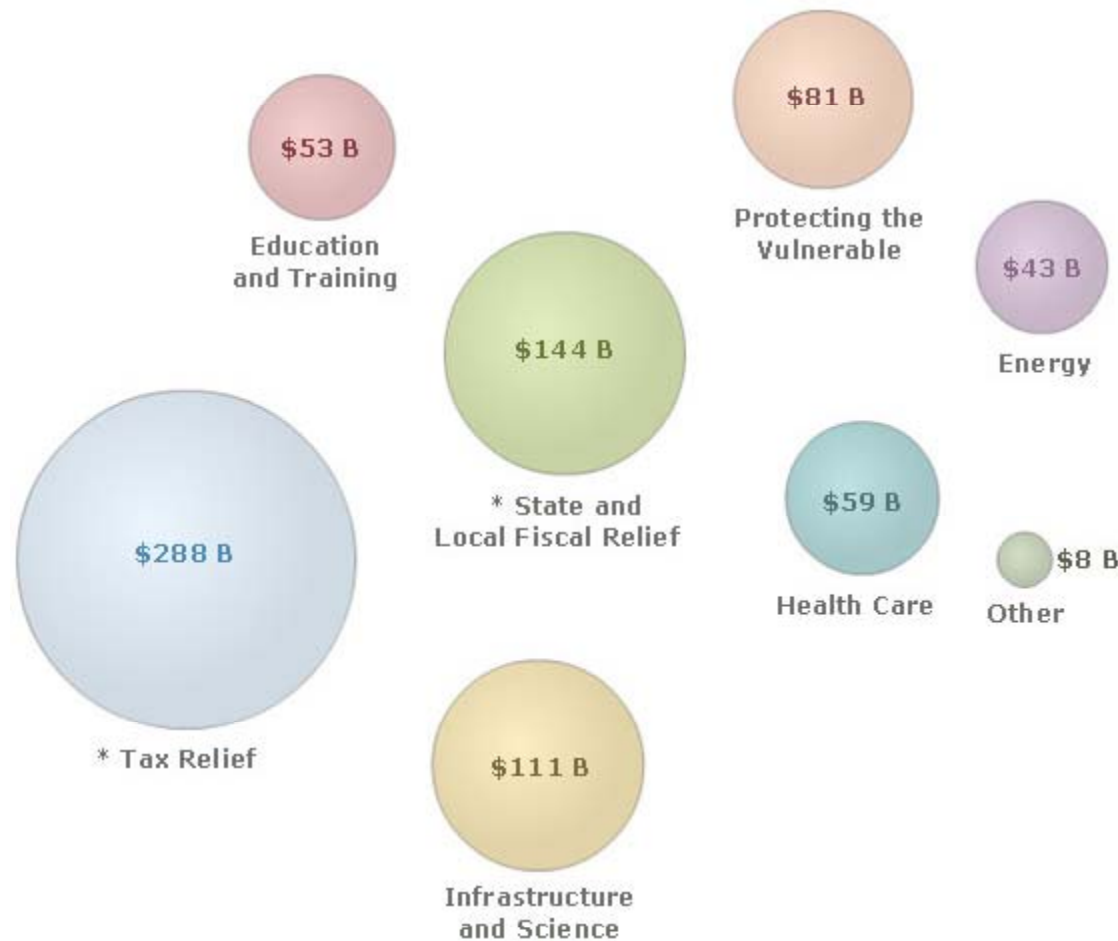


President Truman signs the Foreign Assistance Act of 1948

*“The pessimist sees difficulty in every opportunity. The optimist sees the opportunity in every difficulty.”*

*- Winston Churchill*

# 2009 American Recovery and Reinvestment Act

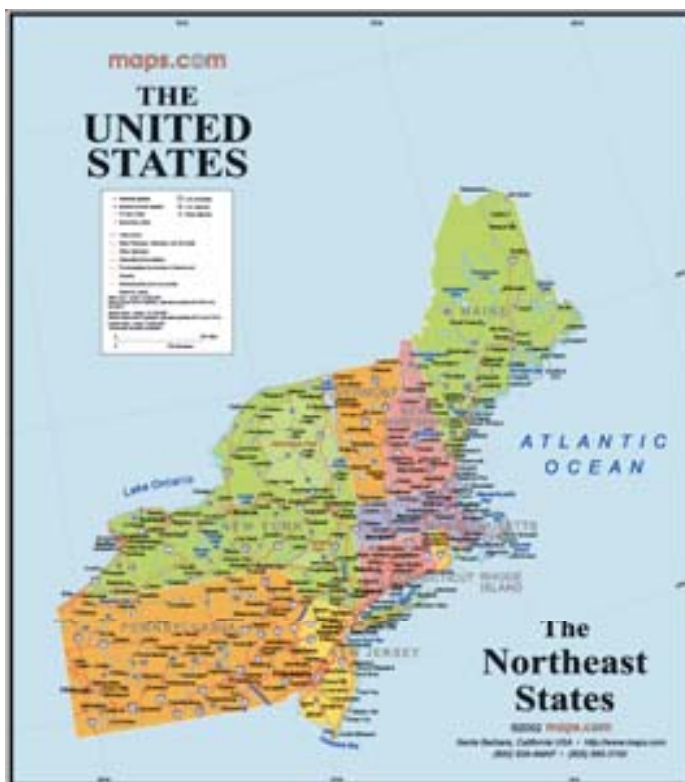




# Breakdown By State



[www.recovery.gov](http://www.recovery.gov)



Connecticut:	\$1.43B
Maine:	\$596M
Massachusetts:	\$2.92B
New Hampshire:	\$493M
New Jersey:	\$3.15B
New York:	\$9.59B
Pennsylvania:	\$4.85B
Rhode Island:	\$557M
Vermont:	\$321M



# DOD Specific Funding

- ❖ Department of Defense (\$7.4 billion)
  - ❖ Facility Restoration, and Modernization (\$4.26 billion): Upgrade thousands of buildings, including energy-related improvements and upgrades to military medical facilities
  - ❖ Military Construction (\$2.18 billion): New construction, including \$1.33 billion for hospitals
  - ❖ Energy Conservation Investment (\$120 million): Improving the energy efficiency of existing facilities
  - ❖ Energy Efficiency Technology RD&D (\$300 million)
  - ❖ Homeowners Assistance (\$555 million): Temporary expansion of homeowner assistance to qualified military and civilian personnel

# DHS Specific Funding

- ❖ Department of Homeland Security (\$496M)
  - ❖ St. Elizabeths/DHS Headquarters Consolidation
  - ❖ U.S. Customs and Border Protection (CBP)
    - Construction at land ports of entry, Non-Intrusive Inspection (NII) technology, border technology on the southwest border, tactical communications equipment and radios
  - ❖ U.S. Immigration and Customs Enforcement (ICE)
  - ❖ Transportation Security Administration
    - Explosives detection systems and checkpoint screening equipment
  - ❖ U.S. Coast Guard
    - Alteration of Bridges program, shore facilities and aids to navigation facilities, vessel repair/acquisition
  - ❖ Federal Emergency Management Agency

# Is It Working??

*Thanks to the outreach of the American Psychological Association ... psychology has gained tremendous opportunities to show how our work can fuel the economy and improve the nation's health and well-being.*

ARRA: \$1.1 Billion for Comparative Effectiveness Research





# ❖ Your Business Opportunities

- o Know where the opportunities could exist ... what are the "but for's" in agencies? Contract vehicles?
- o Who are the influencers and information resources (e.g. delegation members, agency committees, state officials and agencies, etc.)?
- o How is your state supporting ARRA efforts and how can they be the vehicle to create new opportunities?

**R&D=Feds, Product=States**

# Your Idea, Proposal

- ❖ What is the public sector play and who are the public sector partners that benefit?
- ❖ Accountability and transparency
- ❖ More details = less questions
- ❖ Success metrics: cheaper, faster, easier, job creator, etc.



# Energy, Health Care Role?

- Funding opportunities in areas such as ...
  - Materials technology
  - Contract manufacturing (custom parts, etc.)
  - Engineering (design, environmental, etc.)
  - System/software integration
  - Logistics, supply chain management



**You have value as a member of the Defense Community, especially to a firm that isn't ...**



# ❖ Keys To Success

- o Telling your story.

- o Collaboration.

- o Engaging influencers and forming a "public sector sales team."





# Telling Your Story



- ❖ What is the value?
- ❖ Who/what benefits ... beyond you?
- ❖ Multiplier effects (i.e. more jobs created, more people educated, cost savings, etc.)

# Collaboration

- ❖ Who else is competing for funding?
- ❖ Partner roles?
- ❖ How does the investment attract more funding/create added value?
- ❖ How does the public benefit?



# Engaging DC Officials

- ❖ Member staffs are crucial and will be your champions
- ❖ Committee staffs are business development resources, both public and private
- ❖ Many agencies still in flux, career personnel in key roles



# Northeast Congressional Delegation

## ❖ Armed Services

- 16 members/9 states

## ❖ Appropriations

- 3 of 6 Senate Appropriators on Defense
- 7 of 11 House Appropriators on Defense/ Homeland Security/ Military Construction/Energy





# Thank you!



Joe Donovan  
Nelson Mullins Public Strategies  
P: 617-573-4739  
[joseph.donovan@nelsonmullins.com](mailto:joseph.donovan@nelsonmullins.com)

**Nelson  
Mullins**



# BURNS & LEVINSON LLP

## RIGHTS TO GOVERNMENT FUNDED INTELLECTUAL PROPERTY

*6<sup>TH</sup> Annual NDIA National Small  
Business Conference*

Newport, RI

June 3, 2009

Jacob (Jesse) N. Erlich, Esq.

Partner

burnslev.com

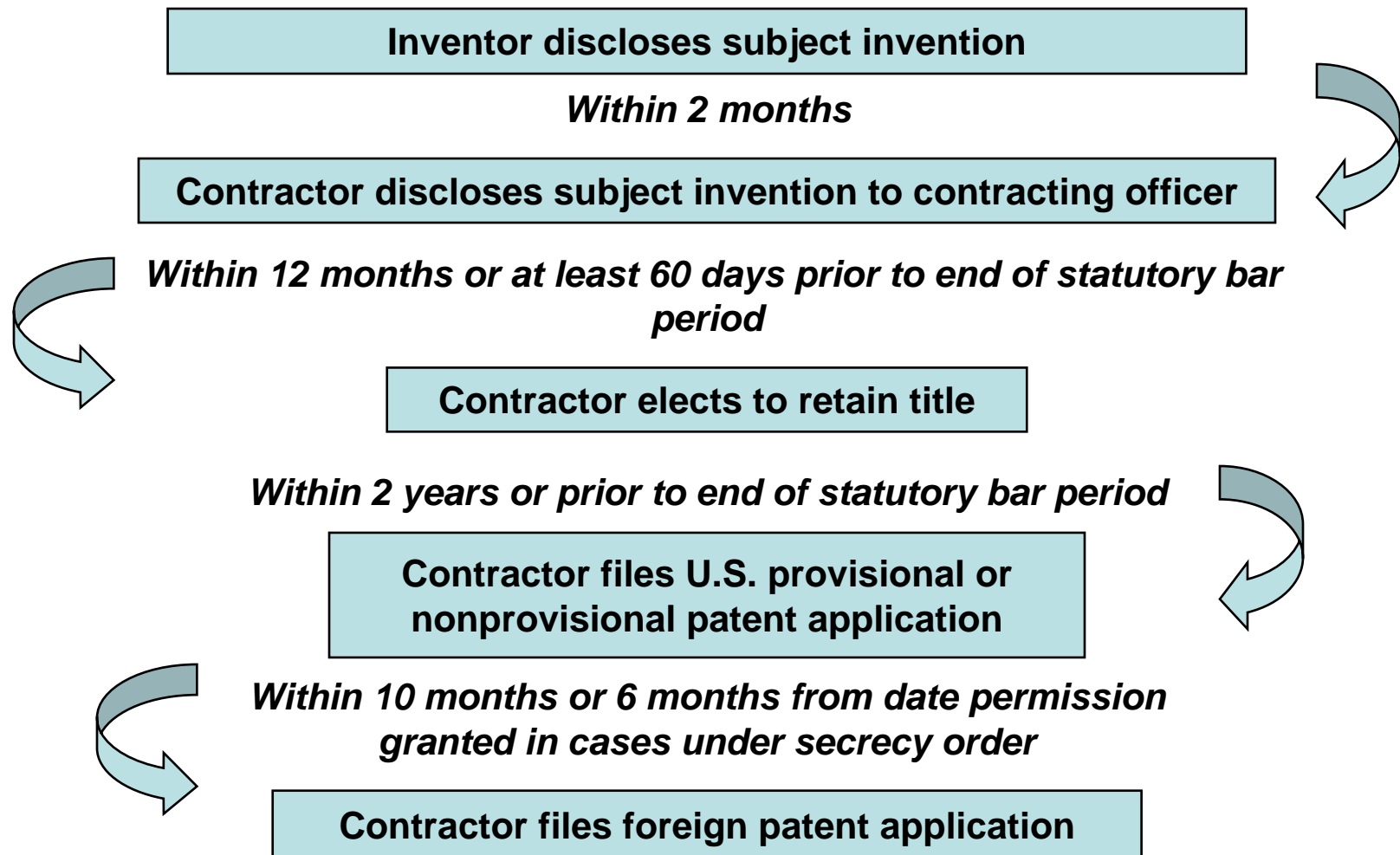
# Key Definitions

- **Invention**
  - Any invention or discovery which is or may be patentable or otherwise protectable under Title 35 of the United States Code
- **Subject Invention**
  - Any invention of the contractor conceived or first actually reduced to practice in the performance of work under the contract.

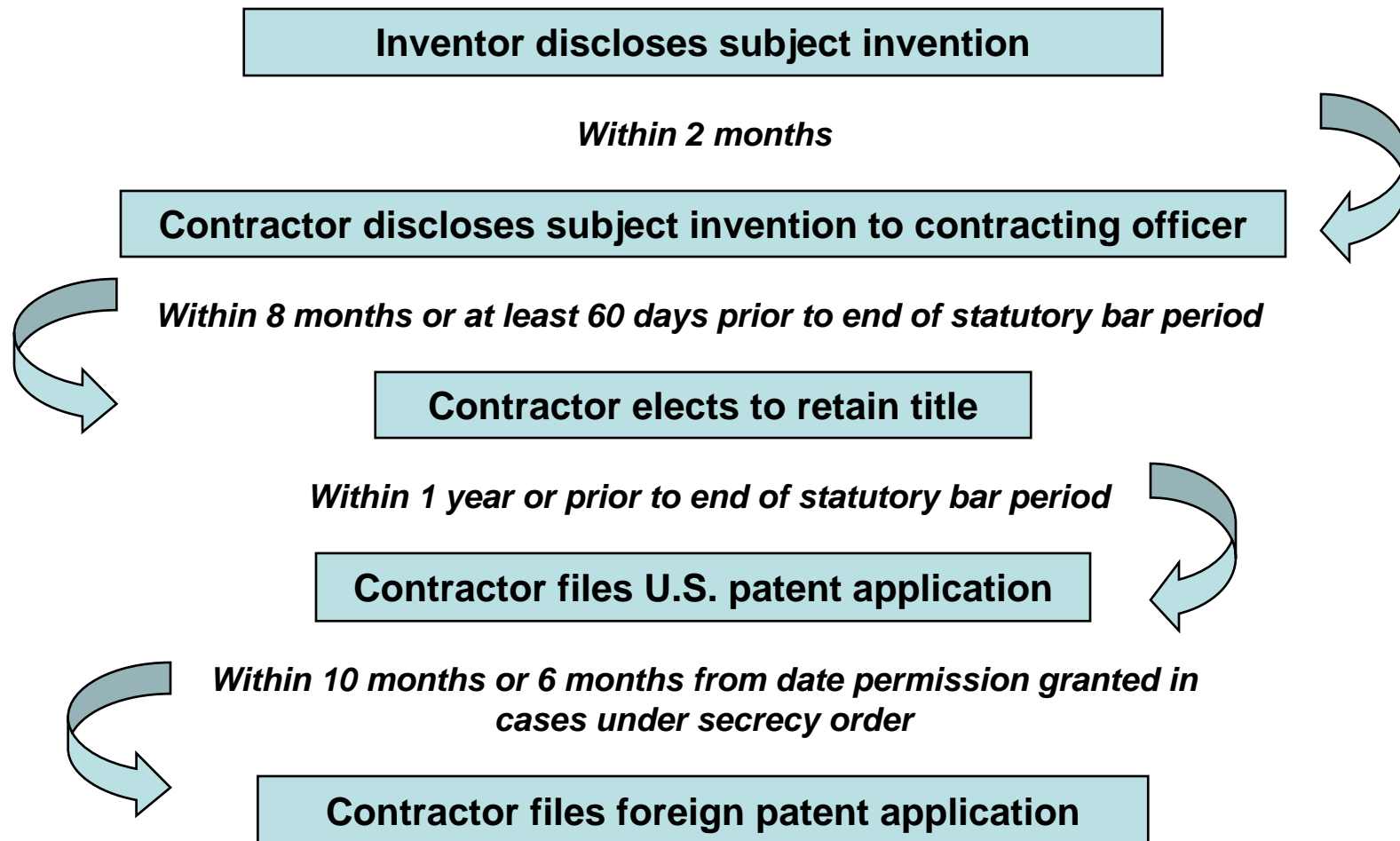
# Contractor's Patent Rights Under FAR 52.227-11

- Contractor may retain the entire right, title, and interest throughout the world to each subject invention. With respect to any subject invention in which the Contractor retains title, the Federal Government shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world.
- With respect to any subject invention which the Government takes title, the Contractor shall retain a revocable, nonexclusive, royalty-free license throughout the world, except if the Contractor fails to disclose the subject invention to the Contracting Officer within the specified time.

# Timeline - FAR 52.227-11

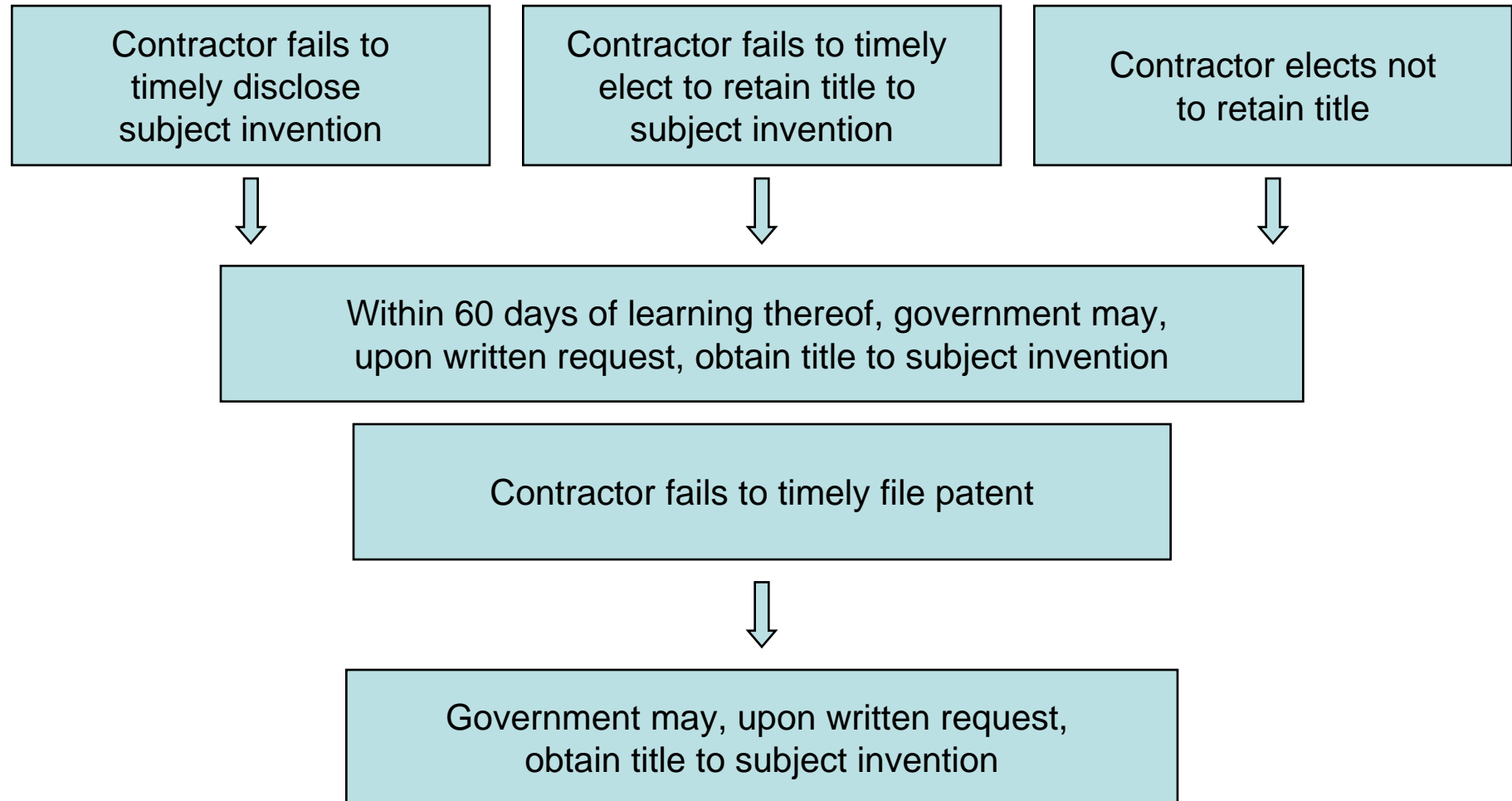


# Timeline – DFARS 252.227-7038





# What If ?



# Subcontracts

- Subcontractor shall retain all rights as if subcontractor were contractor
- Contractor shall not, as part of consideration for awarding subcontract, obtain rights in subcontractor's inventions

# Preference For U.S. Industry

- Contractor agrees that neither it, nor any assignee, will grant any person exclusive right to use or sell subject invention unless such person agrees to manufacture substantially in U.S. - waivers may be obtained

# March-In Rights

- Federal Agency has right to require contractor, an assignee or exclusive licensee, to grant a non-exclusive, partially exclusive, or exclusive license in any field of use to responsible applicants if:
  - Contractor or assignee has not achieved practical application of invention
  - Health & Safety needs not satisfied by Contractor or assignee
  - Public use specified by public regulations if not satisfied by Contractor or assignee

# DATA RIGHTS EXCEPTIONS FOR SBIR-STTR PROGRAM

- Small business concern retains rights to data in performance of award for not less than four years
- Agencies are required to protect SBIR data rights developed from Phases I, II and III, including rights of subcontractors
- Agencies cannot condition Phase III award on giving up SBIR data rights – negotiations after award, by separate agreement, without pressure is permissible.



# DATA RIGHTS EXCEPTIONS FOR SBIR-STTR PROGRAM

- SBIR data rights continue to be protected from date of delivery of last deliverable under award
- Any SBIR data that is protected and referenced under a subsequent SBIR award remains protected under protection period of subsequent award

# Current Contract Export Control Provisions

- No additional contract provisions covering current Export Administration Regulations (EAR) and International Traffic Arms Regulations (ITAR)
- Contractors and subcontractors must abide by existing EAR and ITAR

# Proposed Contract Export Control Provisions By Department of Defense

- Impose specific requirements upon government and contractor to identify and prevent unauthorized disclosure of information and technology controlled under EAR and ITAR
- Compliance program
- Training
- Periodic assessment to ensure compliance
- Currently under review by DAR Editor



# NDIA SMALL BUSINESS CONFERENCE

Mr. Jack Evans

Executive Director,  
Program Executive Office for Submarines

8 June 2009



# Team Submarine

## ***Mission:***

Keep America's Navy #1 in the World by Developing, Acquiring, Modernizing, and Maintaining the World's Most Capable and Cost-Effective Submarines and Undersea Systems.

## ***Vision:***

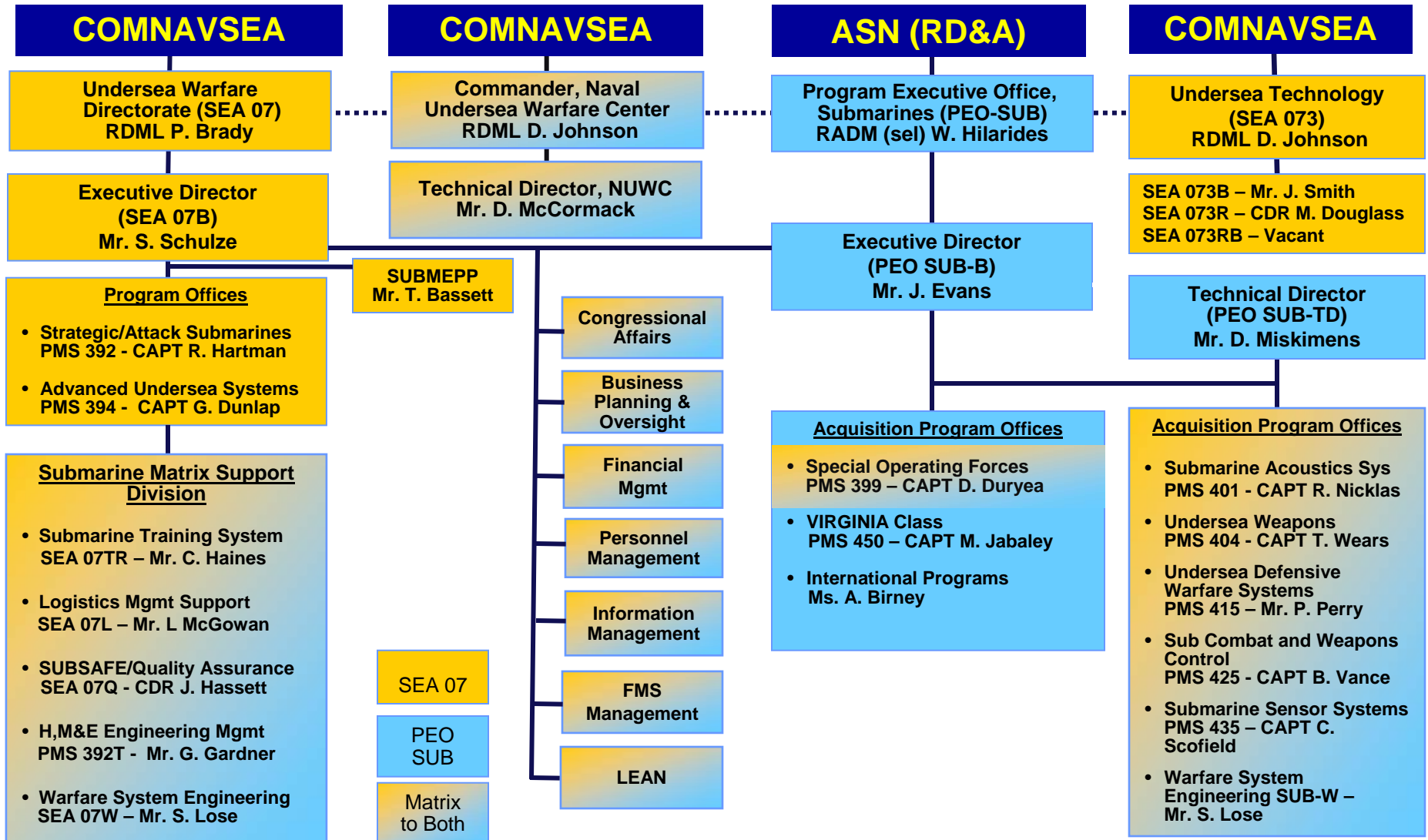
Remain the Leader in the Development and Implementation of Innovative Modernization, Acquisition, and Fleet Support Solutions for the Submarine Community.





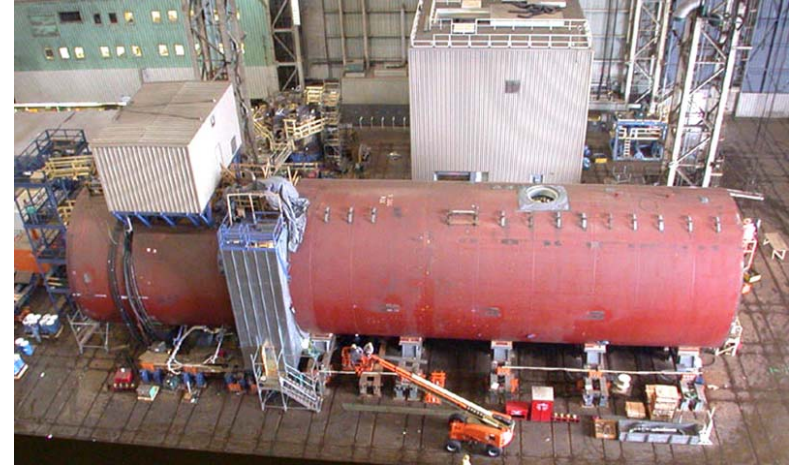


# Team Submarine Organization Chart





# VIRGINIA Class (PMS 450)







# Ships Under Contract

		<i>Name/Hull</i>	<i>Auth Year</i>	<i>Contract Delivery</i>	<i>Actual or Target Delivery</i>
Block I (CPIF)		 USS VIRGINIA (SSN 774)	FY98	Jun 04	12 Oct 04
		 USS TEXAS (SSN 775)	FY99	Jun 05	20 Jun 06
		 USS HAWAII (SSN 776)	FY01	Dec 06	22 Dec 06
		 USS NORTH CAROLINA (SSN 777)	FY02	Dec 07	21 Feb 08
Block II (FPIF)		 USS NEW HAMPSHIRE (SSN 778)	FY03	Apr 09	27 Aug 08
	MYP Ships	 NEW MEXICO (SSN 779)	FY04	Apr 10	Sep 09
 MISSOURI (SSN 780)		FY05	Apr 11	Apr 10	
CALIFORNIA (SSN 781)		FY06	Apr 12	Jun 11	
MISSISSIPPI (SSN 782)		FY07	Apr 13	Feb 12	
MINNESOTA (SSN 783)		FY08	Apr 14	Aug 13	
NORTH DAKOTA (SSN 784)		FY09	Aug 14	Aug 14	
JOHN WARNER (SSN 785)		FY10	Aug 15	Jul 15	
SSN 786		FY11	Aug 16	Jul 16	
SSN 787		FY11	Feb 17	Oct 16	
SSN 788		FY12	Aug 17	Feb 17	
SSN 789		FY12	Feb 18	Aug 17	
SSN 790		FY13	Aug 18	Feb 18	
SSN 791		FY13	Feb 19	Aug 18	
Block III (FPIF)					

As of 4/23/09



# VIRGINIA Class Block III Contract

- Awarded 22 December 2008
- 8 ship, 5-year, Multi Year Procurement Fixed Price Incentive Contract
- Delivers on FY12 challenge to reduce ship cost by approximately 20%
- Increases production to 2 VIRGINIAs per year in FY11 (aided by \$588M plus-up in FY08), therefore supporting force structure requirements, stabilizing the industry and driving down cost
- Incorporates cost reduction design changes, including redesigned bow
- Continues successful teaming arrangement between GDEB and NGSB
- Properly allocates risk between the parties based on program maturity
- Includes Small Business Subcontracting Incentive Fee

## Block III Ships

FY09	FY10	FY11	FY12	FY13
SSN 784	SSN 785	SSN 786	SSN 788	SSN 790
		SSN 787	SSN 789	SSN 791





# VIRGINIA Class Submarine Cost Reduction



**\$2B (FY05 \$) VIRGINIA Class Submarine**

**\$600M FY08-FY13 Program**

## 3 ELEMENT STRATEGY

- Eight Ship Multi-Year Procurement Contract (Block III)
  - Legislative Proposal submitted along with Presidential Budget
- Construction Performance
  - 84 to 60 months
  - Capital Expenditure Program
- Design for Cost Reduction

***Navy / Industry Teamwork Critical To Success***





# VIRGINIA Class: Reduction of Total Ownership Costs (RTOC)

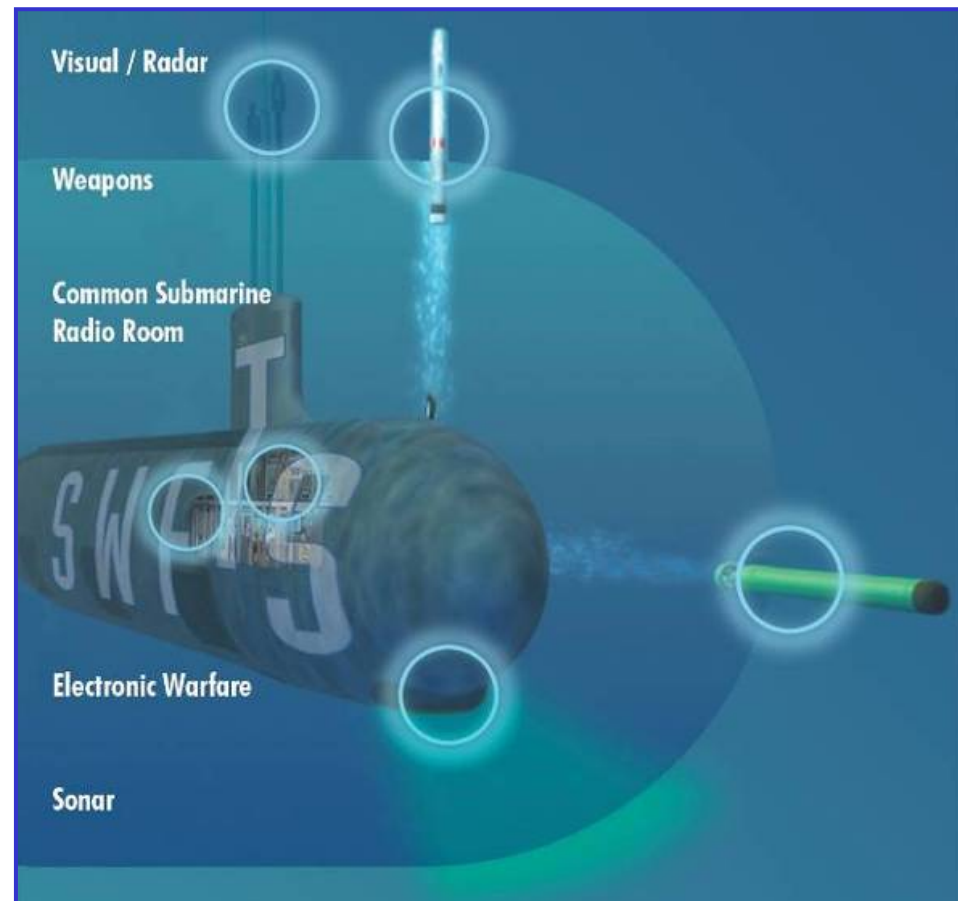


*Building from the Successful VIRGINIA Class Cost Reduction Team*



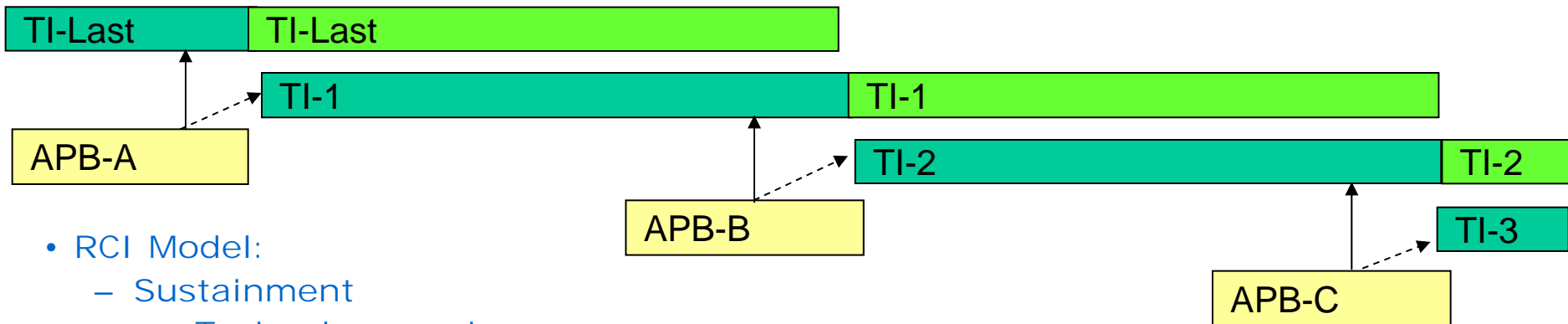
# Submarine Warfare Federated Tactical Systems (SWFTS)

- What it is
  - SWFTS is system of systems engineering and management that ensure warfare requirements are appropriately allocated and tested across subsystems
- What it is NOT
  - Acquisition Program
- What it does
  - Separates the platform timeline from the electronics timeline to ensure continued mission capability
- Coordination Planning/Execution—PEOSUB TD-B





# Rapid COTS Insertion (RCI) Business Model

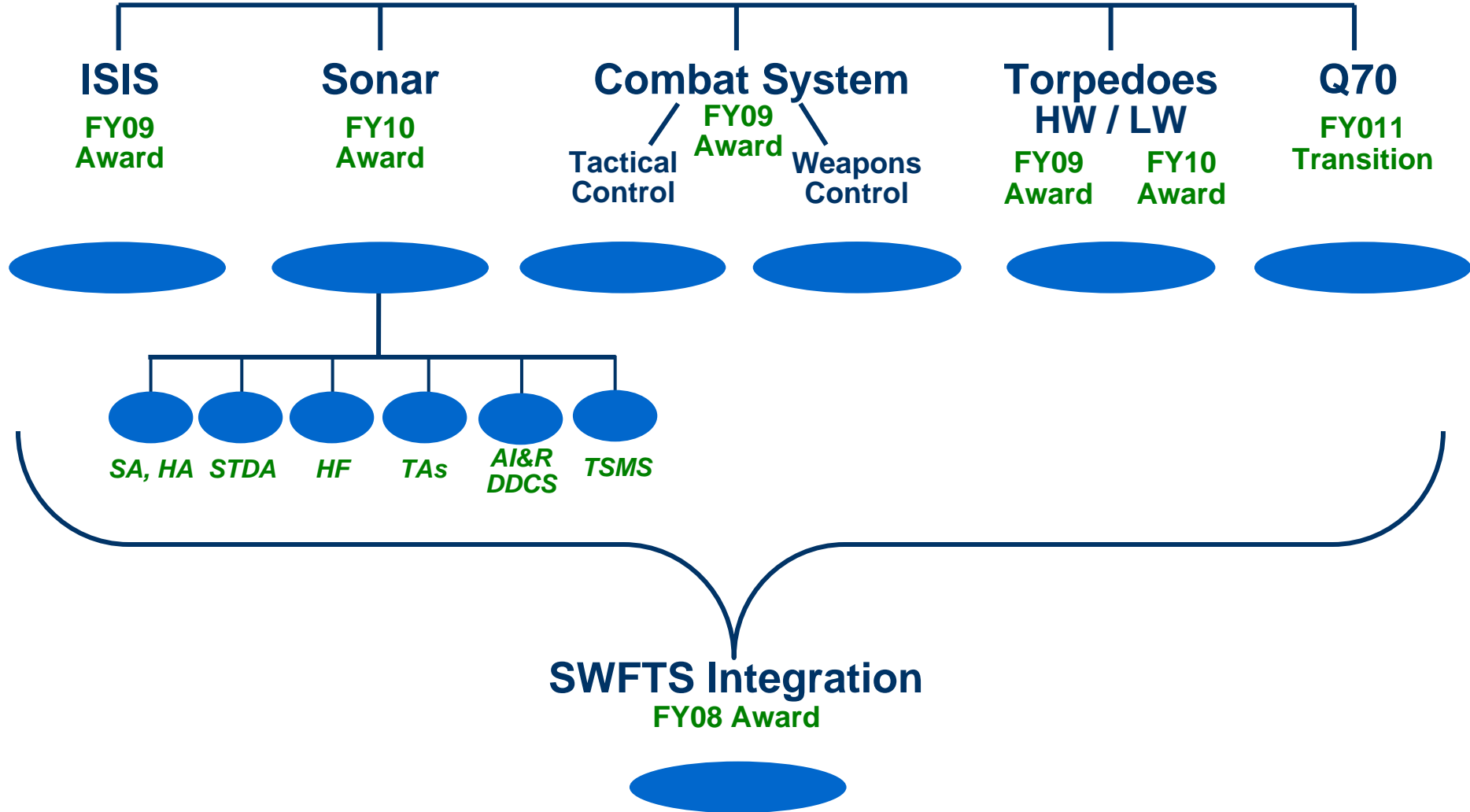


- RCI Model:
  - Sustainment
    - Technology pacing
    - Minimizes obsolescence
  - Capability Insertion
    - Threat pacing
    - New sensors/capabilities intro within existing footprint
- Two Cycle Model (APB 09) better aligns modernization with Training/Doctrine products
- Modernization Rules
  - Each ship gets every other TI (hardware update every 4 years)
  - Special ship groups (SSGN/SEAWOLF/Guam) will all be kept at same TI level
  - No modernization within five years of decommissioning

***Not All Programs Are On The Same Modernization Cycle***



# SWFTS Contracts: Open for Competition





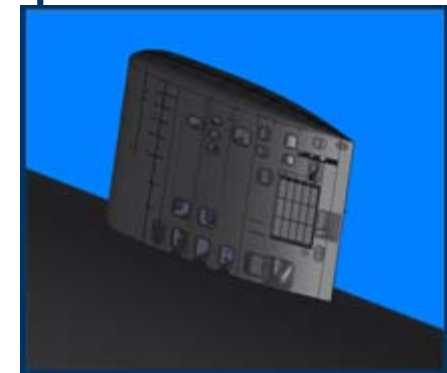
# Representative System Developments

*Anti-Torpedo Torpedo (ATT)*



*Next Generation  
Thin-line Towed Array  
& Handler*

*Flank  
Array*



*Low-Cost Conformal Array*





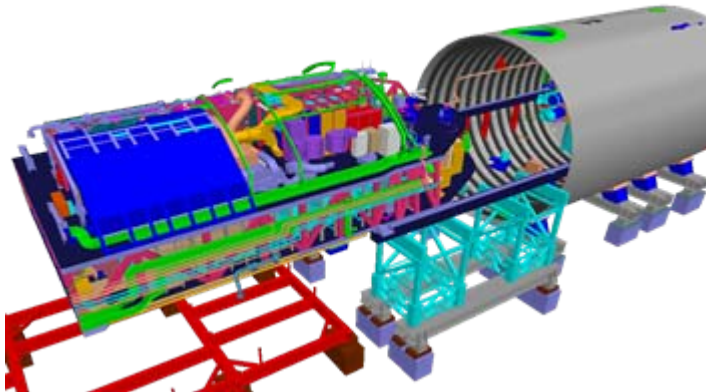
# PEO SUB and Small Business

- PEO SUB has a variety of methods for contracting with small businesses
  - Small Business Innovative Research (SBI R) Program
  - Active participant in the Small Business Technology Transfer Program
  - Incentivizes contracts to include small business participation
  - Host outreach conferences and programs
  - Advocates for small business outside of NAVSEA
  - Advertises success stories

***PEO SUB Supports Small Business  
With A Multifaceted Approach***



# Small Business: Real Value to PEO SUB



- Multiple Small Business Products used In-Service Submarines and VIRGINIA Class Submarines
  - Communications
  - Software
  - Display Console
  - Portable Weapon
  - Launch System
  - Sonar Sensors
  - Simulation
  - System Test Tools
  - Environmentally Friendly Products
  - Composite Materials





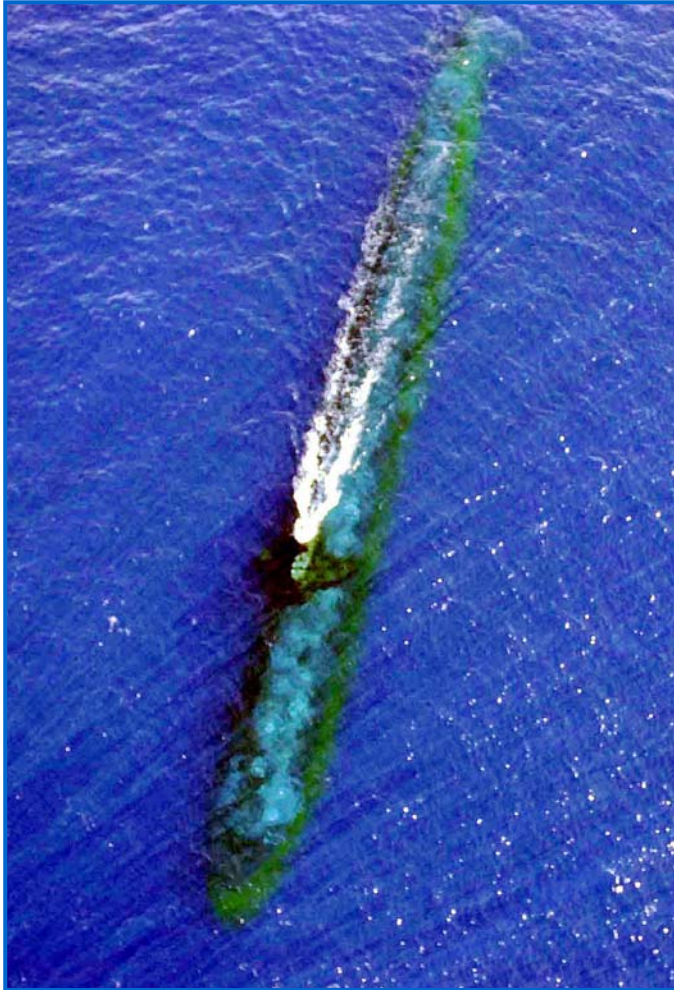
# PEO SUB's Focus Areas



- VIRGINIA Class Cost Reduction
- Algorithms for sonar, fire control system, torpedoes, imaging, electronic support measures
- Submarine training technology
- Life cycle cost reduction
- Reliability improvement
- Material improvement



# Team Submarine Proposed FY9.3 SBI R Topics



*Topics to be approved by  
OSD week of 8 June*

- Multi-Material Structures
- Real-time detection aid for enhancing ship's self-defense
- Universal Atmospheric Contaminant Scrubber for Submersibles
- Long Life Energy Storage Systems for Shipboard Sensor Applications
- Multi-Sensor Array Synchronization
- Secure Open Architecture Open System Technologies for Tactical Networks
- Sonar Detection / Classification Based on Material Identification
- Improved Safety in Large Format Lithium-Ion Cells and Batteries
- Opportunistic Energy Harvesting
- RF System Cost Reduction
- Submersible Navigation Techniques Available at Periscope and/or Mast Depths
- Band Limited Pulse Encoding and Signal Classification
- Innovative Damping Technologies
- Implosion-Proof SOF Mission Equipment Storage Container
- Synthetic Elements for Moving Line Arrays
- Submarine Surface Abandonment Slide
- Technologies for Reduced Source Level Sonar Systems
- Advanced Hull Sensor Array and Processing Concepts
- Innovative Mast Consolidation Concepts
- High Channel Count Optical Slip Ring
- Feedback Loop Mast Height Control System
- Transport Layer Independent Network Monitoring Capability
- Fiber Optic Cable Position Measurement System
- At-sea Reliability with Predictive Modeling
- Multi-Platform Active Heave Compensation System
- Secure Portable Systems for Tactical Networks
- Fatline Towed Array Straightening System





# Points of Contact

## Reduction in Total Ownership Cost (RTOC)

SBI R Primary Point of Contact

Christy Goff

[Christy.Goff@navy.mil](mailto:Christy.Goff@navy.mil)

202-781-4392



## OHIO Class Replacement Program

Program Manager

CAPT David Bishop

[David.T.Bishop@navy.mil](mailto:David.T.Bishop@navy.mil)

202-781-2582

SBI R Primary Point of Contact

Byron Rose

[Byron.Rose@navy.mil](mailto:Byron.Rose@navy.mil)

202-781-1539

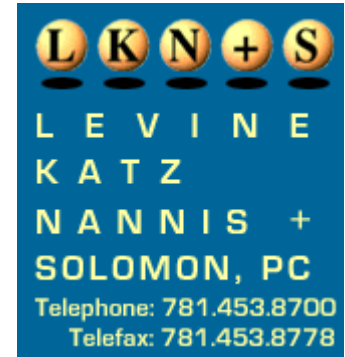




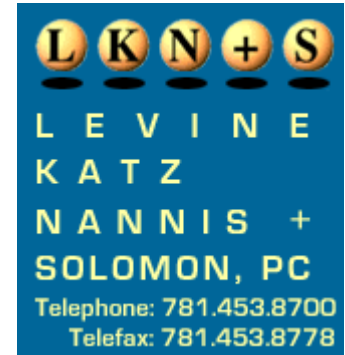


# Questions?

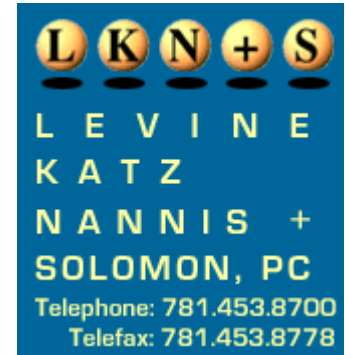




# GOVERNMENT ACCOUNTING REQUIREMENTS

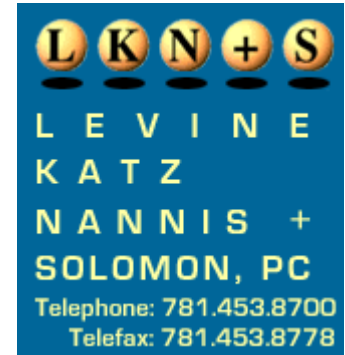


- **Basic Accounting Systems**
- Time Reporting
- DCAA Encounters



## CRITICAL ELEMENTS OF AN ACCOUNTING SYSTEM

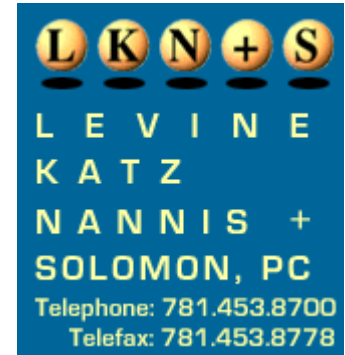
- ***Designed in Accordance with GAAP***
- ***Proper Segregation of Direct and Indirect Costs***
- ***Identification and Accumulation of Direct Costs by Contract***
- ***Logical and Consistent Method for the Allocation of Indirect Costs***
- Accumulation of Costs under General Ledger Control
- ***A Timekeeping System of Employee's Time Charges***
- Labor Distribution of Direct and Indirect Labor
- Interim Determination of Costs Charged to Contracts
- ***Exclusion of Unallowable Costs***
- Identification of Costs by Contract Line Item or by Units
- Segregation of Preproduction Costs



## DESIGNED IN ACCORDANCE WITH GAAP

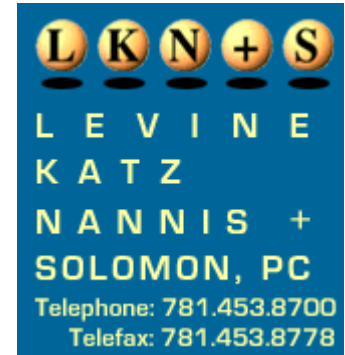
- FAR 31.201-2(a)(3) requires when considering allowability:
  - “A cost is allowable only when the cost complies with all of the following requirements:
    - ....(3) standards promulgated by the CAS Board, *if applicable*; otherwise, generally accepted accounting principles and practices appropriate to the particular circumstances.”





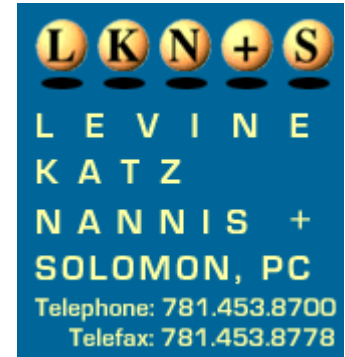
## PROPER SEGREGATION OF DIRECT AND INDIRECT COSTS

- A government contractor's accounting system must identify accounts in its chart of accounts for direct costs and indirect costs
- The system must identify what costs are direct. Once the criterion is defined, it must be consistently applied



## INDIRECT RATE SYSTEMS

- Single Rate System
- Two Rate System
- Multiple Rate System

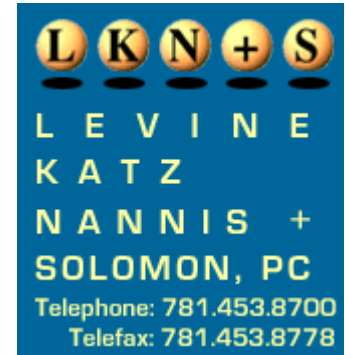


*How is an Indirect Expense Rate Calculated?*

INDIRECT COST POOL  
ALLOCATION BASE

*Equals*

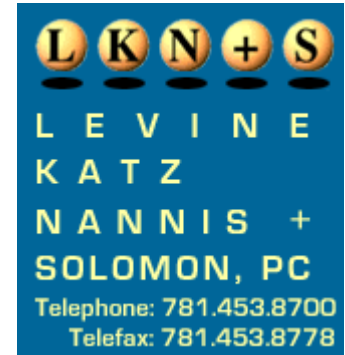
INDIRECT EXPENSE RATE



## ***What is a Good Rate for a Government Contract?***

- **Cannot Compare one Company to another!**
- **Companies have Different Rate Structures**
- **Composition of the Pool and Base are Different**
- **Company Location has Impact on Rates**
- **Type of Business has Impact on Rates**

***THERE IS NO GOOD RATE FOR A GOVERNMENT CONTRACT***

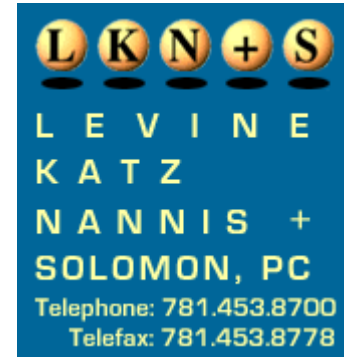


## ***Unallowable Costs per FAR Part 31***

- Contributions
- Interest Expense
- Entertainment
- Fines & Penalties
- Other Unallowable Costs (reference FAR Part 31 and Agency Supplements)

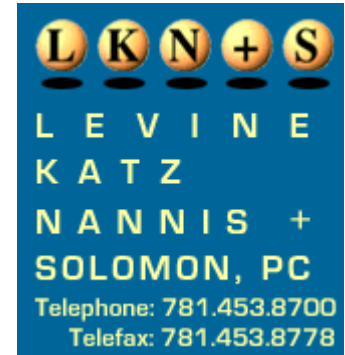
***It's OK to Incur Unallowable Expenses  
They must be accounted for and withdrawn***



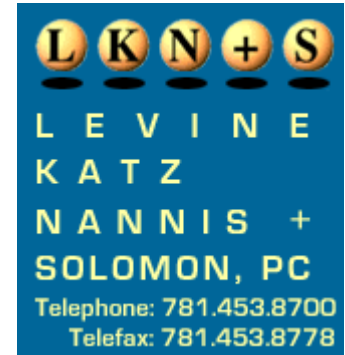


## GUIDANCE FOR THE ALLOWABILITY OF COSTS

- DCAA - FAR Cost Principles Guide ([www.dcaa.mil](http://www.dcaa.mil))
- DCAA Contract Audit Manual (CAM) chapter 7 Selected Areas of Costs ([www.dcaa.mil](http://www.dcaa.mil))
- FARSITE – FAR Part 31.205-xx  
(<http://farsite.hill.af.mil/VFFARA.HTM>)



- Basic Accounting Systems
- **Time Reporting**
- DCAA Encounters

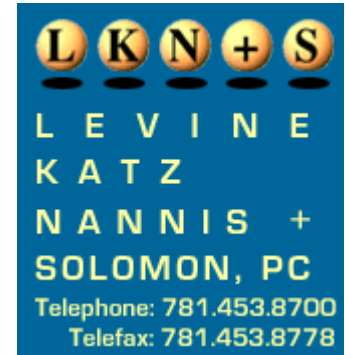


## **TIMEKEEPING SYSTEM FOR ALL EMPLOYEES**

- A government contractor's accounting system must have the ability to track employee's time spent on each work activity

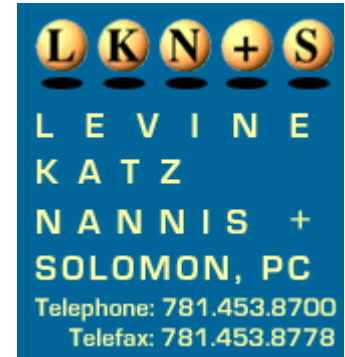
### **TIMEKEEPING IS CRITICAL!!**

**Unlike other contract costs, labor is not supported by external documentation**



## **EFFECTIVE INTERNAL CONTROLS FOR TIMEKEEPING**

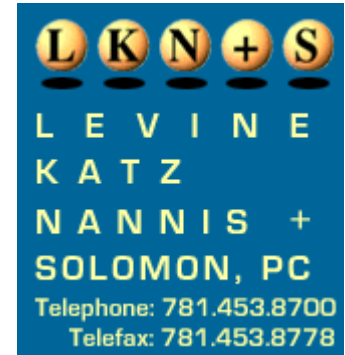
- Segregation of Duties and Responsibilities
- Clear Policies and Procedures
- Maintenance of Internal Controls
- Constant Communication to Employees



## TIME SHEETS ARE ABSOLUTELY REQUIRED

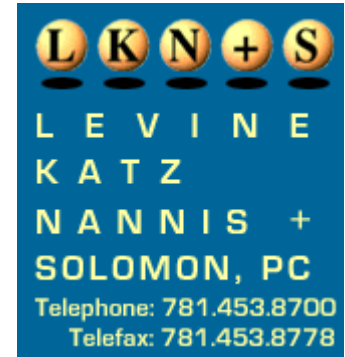
Classification	S	M	T	W	Th	F	Sa	Tot
Project:								
Contract #1								
Contract #2								
Grant #3								
Commercial Work								
Non Direct:								
Overhead								
G&A								
Holiday								
Sick								
Vacation								
TOTAL								



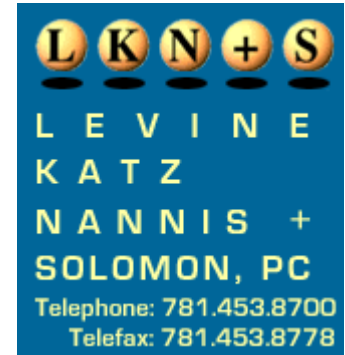


## **TIME SHEETS ARE ABSOLUTELY REQUIRED**

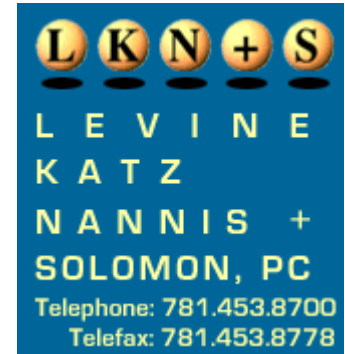
- ❖ SHOULD REPORT BASED ON THE PAY PERIOD,
- ❖ ALL HOURS NEED TO BE REPORTED
- ❖ IF SALARIED AND WORK IN EXCESS OF 40 HOURS
  - ❖ PERCENTAGE OF EFFORT-UNCOMPENSATED OVERTIME
- ❖ IF HOURLY PAY BASED ON HOURS WORKED



- Basic Accounting Systems
- Time Reporting
- **DCAA Encounters**



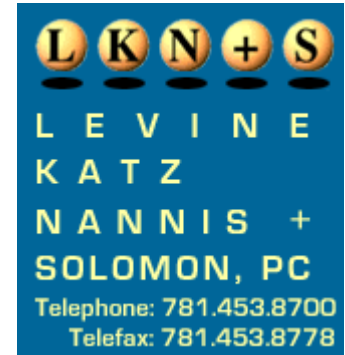
- **Pre-Award Audits**
  - Accounting System Survey
  - Financial Capability Assessment
  - Cost or Price Analysis
- **Contract Performance Audits**
  - Incurred Cost Audits
  - Labor Floor Checks
  - Voucher Review



## **PROCEDURES FOR ACCOUNTING SYSTEM SURVEYS**

- Review of Chart of Accounts
- Review of Policies and Procedures
- Discussions with Contractor Personnel
- Copies of Timecards and Timekeeping Procedures
- Walkthrough of Transactions
- Explanation of Indirect Rate Calculations

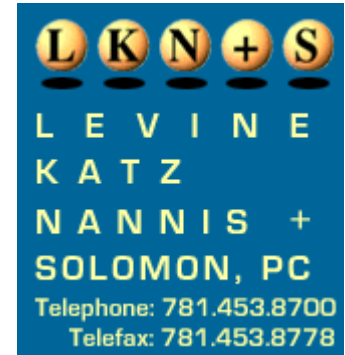
**PROCEDURES DO NOT INVOLVE DETAILED TRANSACTION TESTING. THE PROCEDURES ARE ONLY USED TO DETERMINE THE SUITABILITY OF THE SYSTEM FOR GOVERNMENT CONTRACTS**



## COMMON ACCOUNTING SYSTEM DEFICIENCIES

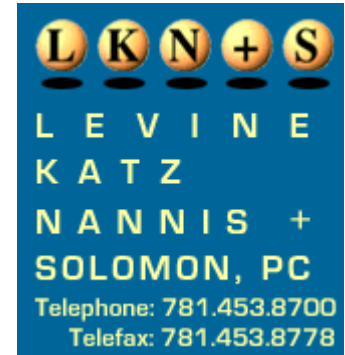
- Use of Cash Basis Accounting
- No Job Order Cost Ledger or Accounting
- No Labor Distribution Reports
- Unallowable Costs not Accounted For
- No Written Policies and Procedures
- No Timekeeping Procedures
- No Time Cards





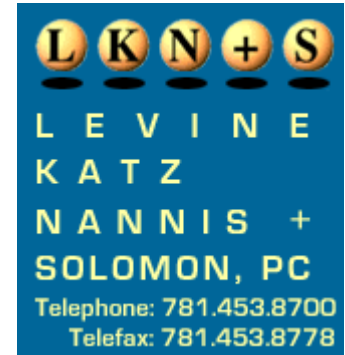
## FINANCIAL CAPABILITY ASSESSMENT

- Historical Financial Statement Trend Analysis
- Timely Payment of Payroll Taxes
- Key Financial Ratio Analysis
- Credit Ratings
- Accounts Payable Aging
- Cash Flow Forecasts



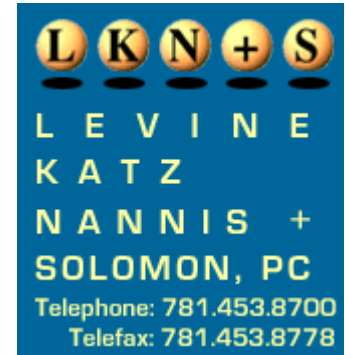
## INCURRED COST AUDITS

- Incurred Cost Submission – Due 180 days after close of year (6-30-2009)
- Cost-Type & T&M contracts (FAR 52.216-7)
- Audit of Allowability and Allocability of Costs Incurred
- Detailed On-Site Audit of Financial Records



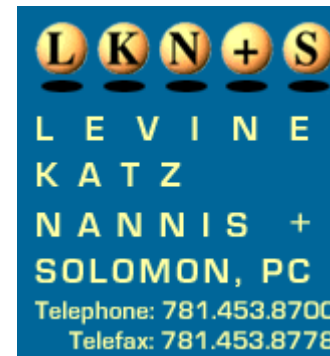
## LABOR FLOORCHECKS

- Unannounced On-Site Audit
- Interview Employees and Verify Labor Charges
- Tests Employees Knowledge of Timekeeping Practices
- Tests Actual Timekeeping Practices versus Company Policies



## VOUCHER REVIEW

- Review of Company Billing Practices
- Trace Billed Direct Costs to Job Costs Ledgers
- Verify Company is using Proper Billing Rates
- Company is following the Terms of Contract for Billing



## CONTACT INFORMATION:

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EMAIL: [lnannis@lknscpa.com](mailto:lnannis@lknscpa.com)





# How to Transition to the Commercial Sector

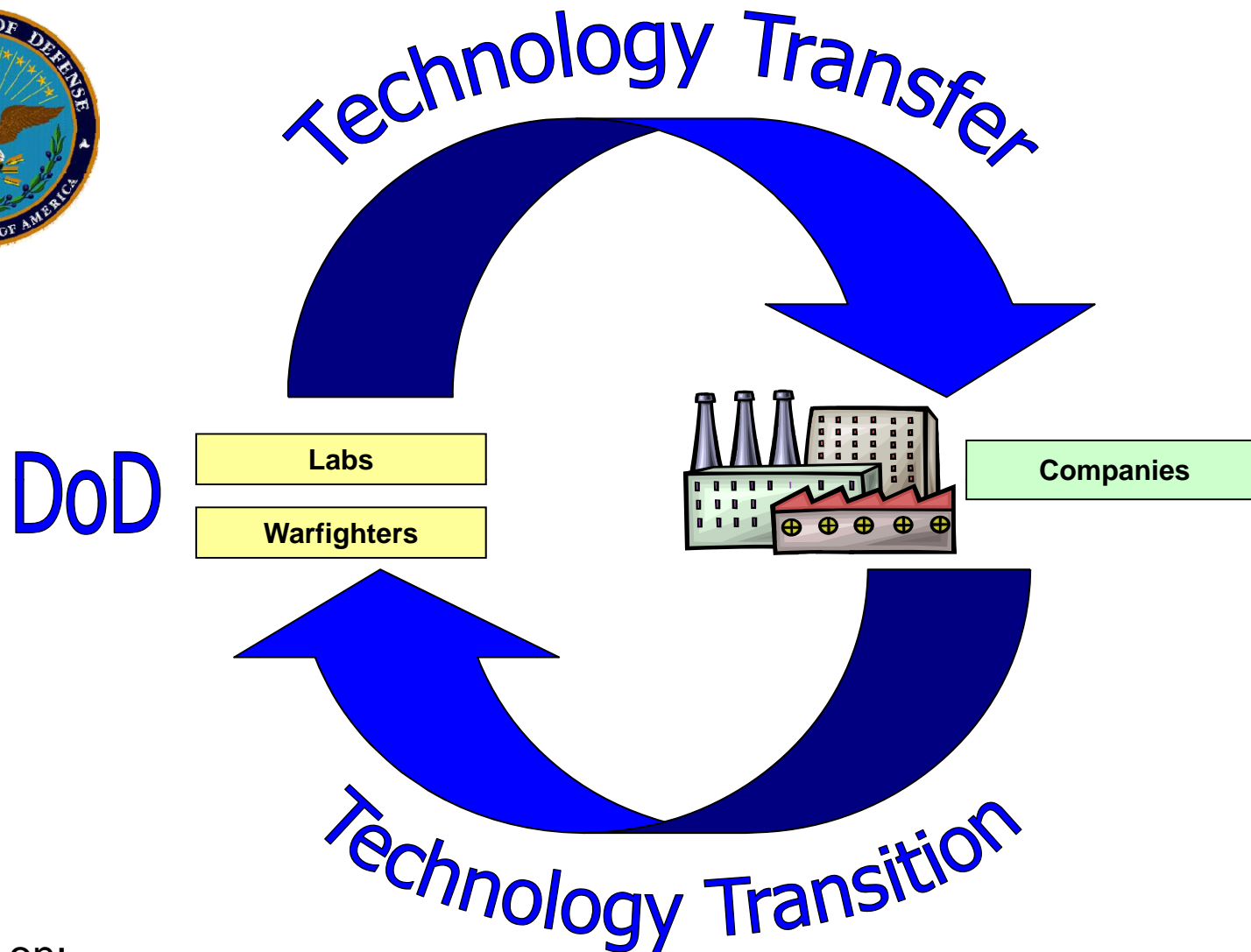
6<sup>th</sup> Annual National Small Business Conference  
“Pathways to Success”

June 3, 2009

**Cynthia E. Gonsalves, Deputy Director  
Office of Technology Transition  
Office of the Deputy Under Secretary of Defense  
(Advanced Systems & Concepts)**

**[cynthia.gonsalves@osd.mil](mailto:cynthia.gonsalves@osd.mil)**

**(703) 607-5326**



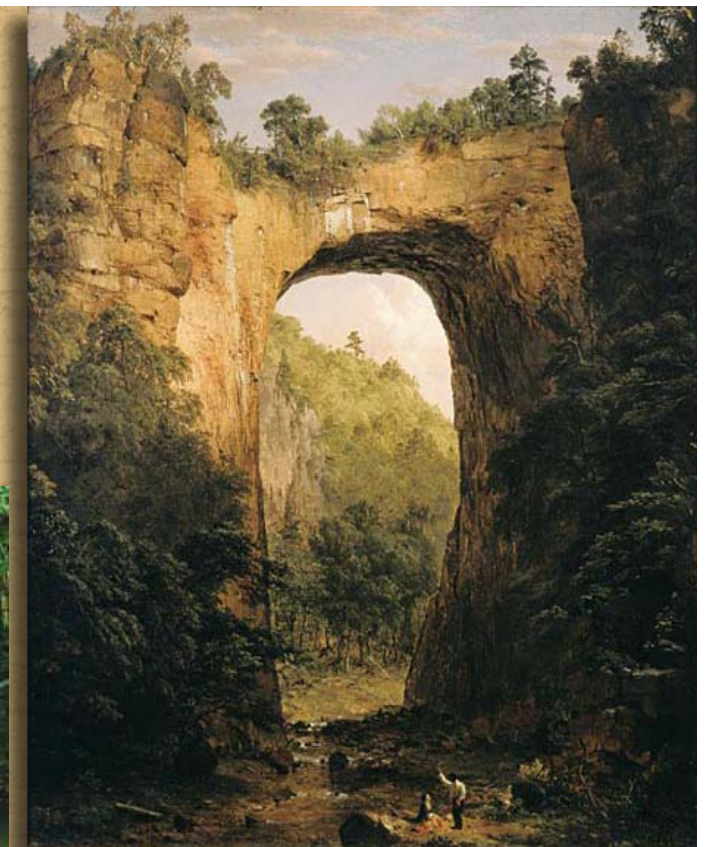
Based on:

15 USC 3710-15, Technology Innovation

10 USC 2515, Office of Technology Transition

10 USC 2359a, Technology Transition Initiative





Courtesy, Bayley Art Museum, University of Virginia, Charlottesville

# The Transition Lexicon

- **Technology Transition**: Range of activities involved with improving, moving, maturing, & speeding technology to the marketplace
  - In DoD, this usually applies to developing, adapting, or improving commercial **and** military technologies for use in weapon system applications. For example, monitoring technology movement to:
    - ✓ the next phase of acquisition; OR
    - ✓ an actual military system that has been or may be fielded; OR
    - ✓ a military / commercial test facility or depot
- **Technology Insertion**: Introduction, placement, and integration of a demonstrated defense or commercial technology into a military system, component, or application
- **Technology Transfer**: Process of sharing, transmitting, or conveying technology data and information (intellectual property) between the government agencies, industry, and academia
- **Affordability**: Consideration of “best value” options that integrates performance, cost, producibility / manufacturability, reliability, supportability, and risk
  - Does not mean the “cheapest”



# Technology Readiness Levels (TRLs)

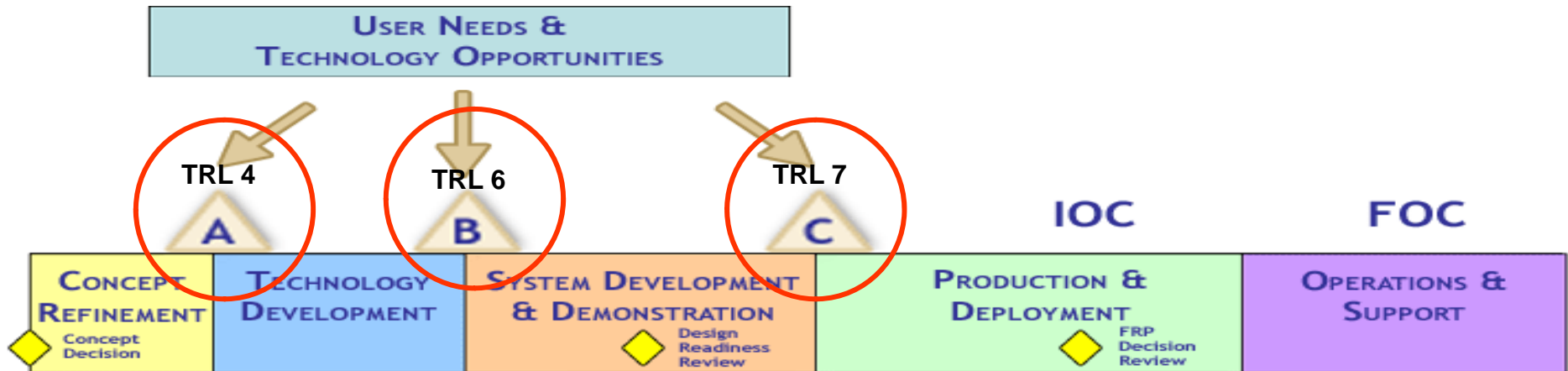
## Technology Readiness Assessments (TRAs)

**TRLs:** A scale that describes the maturity of a technology with respect to a particular use

Scale from 1  
(least mature) to  
9 (most mature)

- TRL 1 = “an idea”
- TRL 4 = “a lab experiment”
- TRL 6 = “a prototype ready for initial integration”
- TRL 7 = “ready for final operational testing”
- TRL 9 = “fielded and used as intended”

- **Primary Purpose:** To help make decisions concerning the development and transition of technology. Uses:
  - Provides a common understanding of technology status (maturity)
  - A factor in technical risk management
  - To help with: Transition of technology, funding, scoping acquisition programs
- **DoD requires all programs to conduct a TRA before commencing System Design and Development (that is, at Milestone B)**





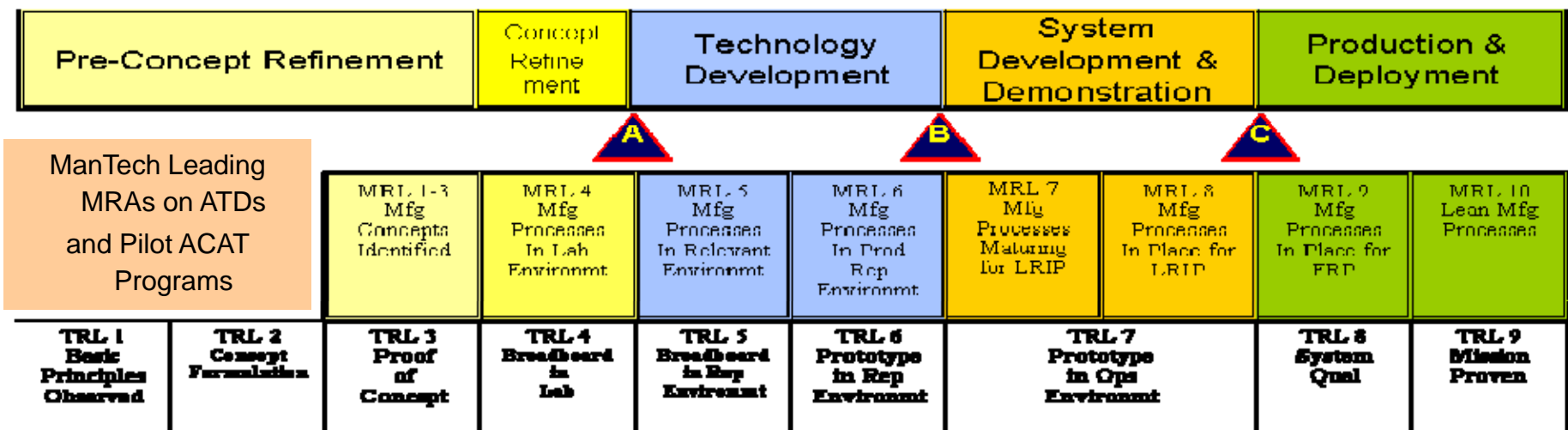
# Manufacturing Readiness Levels (MRLs) &

## ***Immature Technology & Unstable Manufacturing Processes***

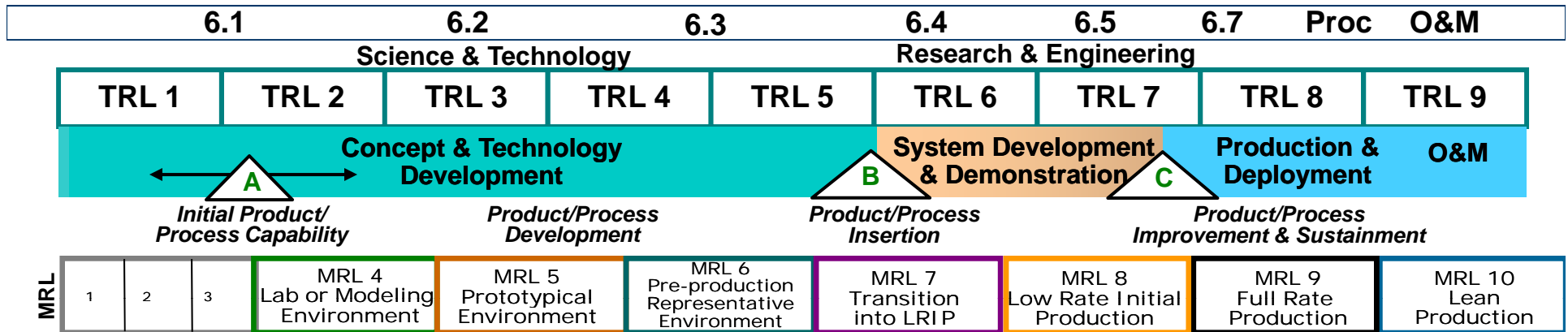
- **GAO study of 26 programs: RDT&E costs up by 42% with schedule slippage of 20%**

## Manufacturing Readiness Levels (MRL) Developed

- **In collaboration with industry**
- **Common Standard and framework for identifying, communicating, and managing manufacturing risks**
- **Reconciled with TRLs**
- **Establish and promote manufacturing risk management as basic principal of technology development and acquisition programs**



# Advanced Systems & Concepts Portfolio



**COCOM /Joint/Coalition focused**

**Joint Capability Technology Demonstrations**

**Demo 1-3 yrs**

**AC/JCTDs Transition Enabler – “joint peculiar” capabilities**

**JCTD Transition & DAE Pilot Program**

**Industry “On” Ramp – Test to Procure Tech Refresh**

**Defense Acquisition Challenge**

**Service, SOCOM Nominated - Test to Procure**

**Foreign Comparative Testing**

**DOD S&T Push**

**Tech Transition Initiative**

**DoD Technology Transfer**

**Formerly TechLink**

**to Private Sector**

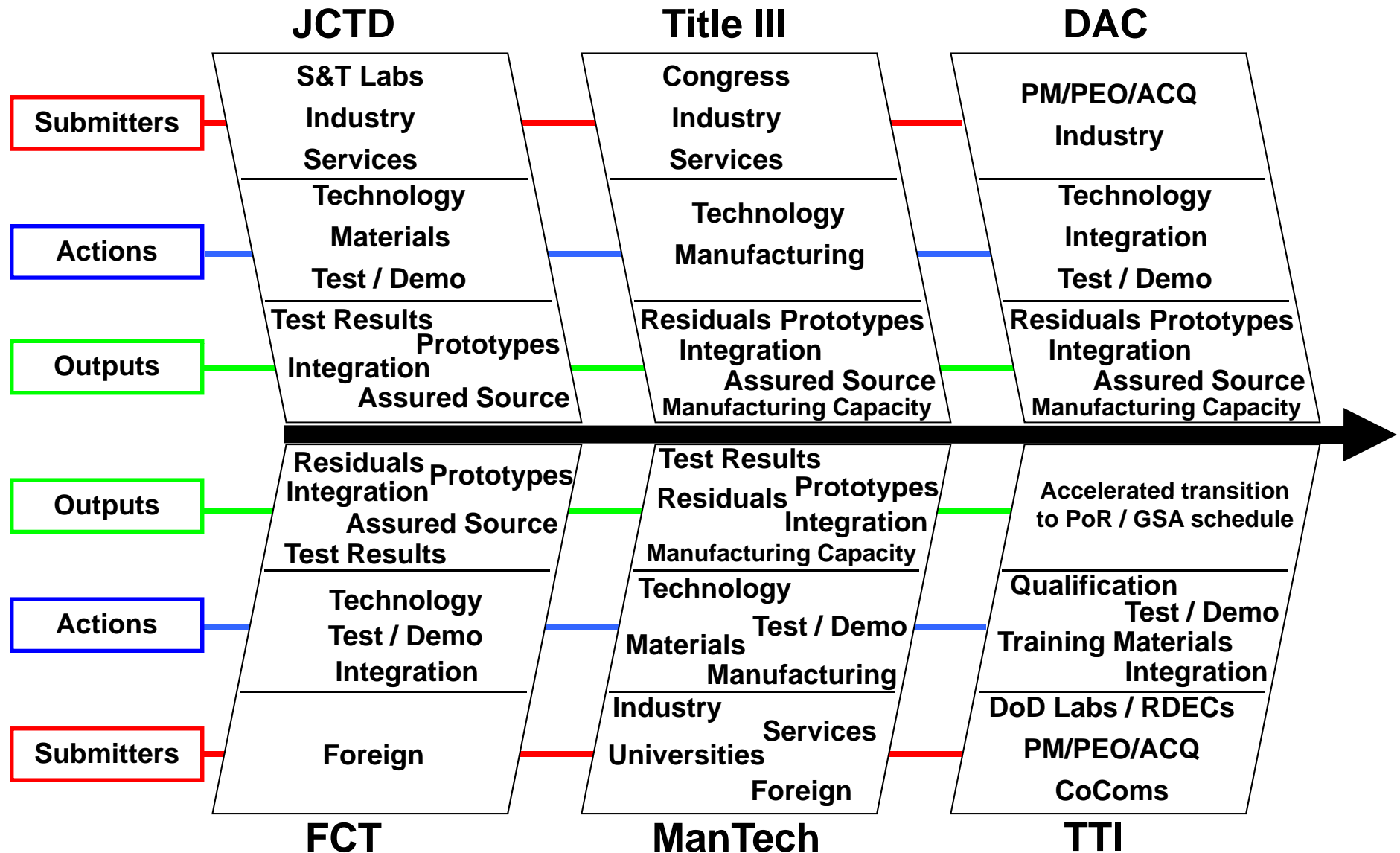
**Domestic Technologies Critical to National Security**

**Defense Production Act (Title III)**

**ManTech Joint Investments**

**Defense Manufacturing Technology – Next-Gen Multi-Service Enablers**

# Transition Programs



**OUTCOME: BETTER, FASTER, CHEAPER DEPLOYMENT TO THE FIELD**

# TECHNOLOGY TRANSITION

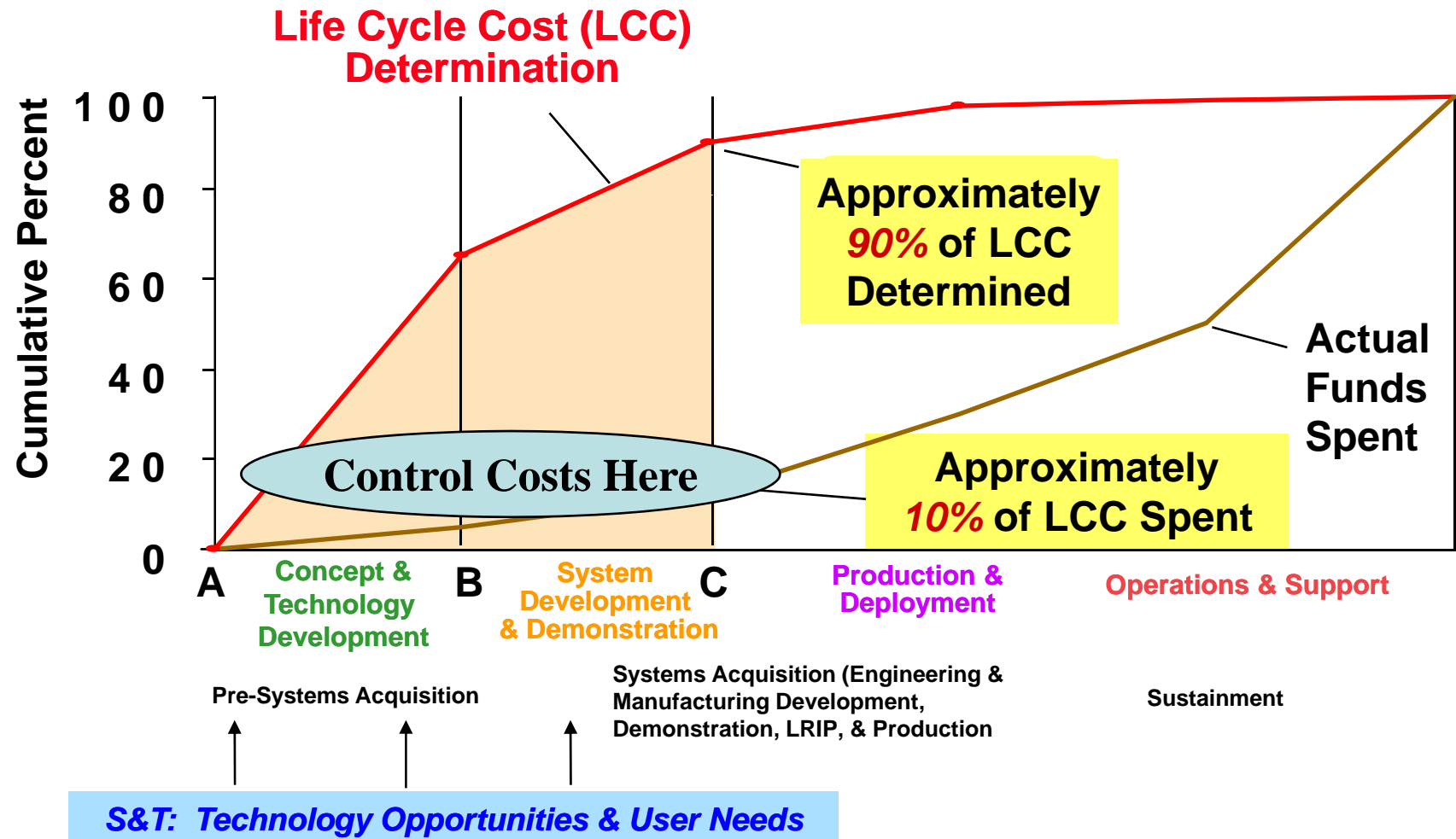
## What is the intent?

- Moved into an acquisition program of record
- Can be acquired/procured through normal DoD procurement (i.e., GSA schedule)
- Has addressed DOTMLPF satisfactorily
- Provides sustainable capability

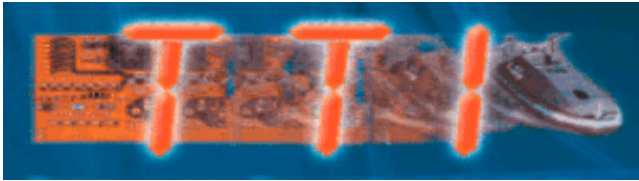
**Baseline Product/Technology no longer funded by S&T program.**

# The Need to Transition Technology Early

Acquisition Community is Focused on Cost Reduction Throughout Life Cycle







# Technology Transition Initiative

- **Congressional Language:**
  - Facilitate the rapid transition of new technologies **from S&T into acquisition programs** of the Department for the production of such technologies.
- **Objectives:**
  - Accelerate the introduction of new technologies into operational capabilities for the armed forces.
  - Successfully demonstrate new technologies in relevant environments.

## Weighted Criteria

- TTI Funding Accelerates Product Transition\*
- Project is from DoD S&T Base \*
- Cost Sharing to leverage funding\*
- Less than 4 years TTI Funding\*
- Established exit criteria
- Joint Focus
- Value to the Warfighter
- Technology mature – TRL 6 or 7
- Commitment to Acquisition/Procurement Path



MCM USSV



Husky Mounted  
Detection System



JSGPM (M50)  
with ESLIs



Sense & Avoid for  
Small UAS

# Technology Transition Agreements

- All TTI projects required TTA prior to release of funding
- Signed by S&T and Acquisition leaders in executing organizations and Director, OTT
- Template/guide provided in proposal preparation instructions
- Documents **commitment** to transition, transition plan details, resources required, **exit criteria**

**TTAs are required for ALL TTI projects.**

# Examples of TTI Projects

## Unmanned Sea Surface Vehicle

- Mine warfare mission package for LCS
- Accelerates capability by 2 years

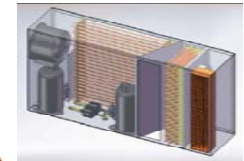


## Image Compression for Digital Precision Strike

- High quality image transmission for SOF Mission Planning
- Accelerated delivery by 3 years

## Sense and Avoid for Small UASs

- S&A for Army Shadow UAS
- Accelerates capability by 2 years



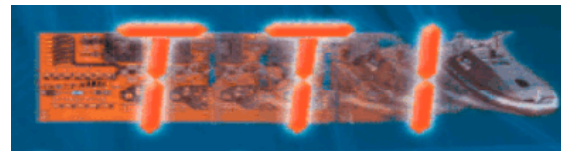
## Tactical Idle Reduction

- Fuel savings for Army long-haul trucks
- Accelerates capability by 3 years



## Electronic Image Intensifier for Apache Helicopters

- Fused imagery into single device for pilot
- Accelerates capability by 3 years



38 open projects

# *Defense Acquisition Challenge (DAC)*

- ***Find & Test “Here & Now” Solutions***
  - Projects begin within a year, end within 2-3 years
  - Testing at U.S. or foreign ranges
  - Project value: Range of \$200K - \$2M; average of \$800K
- ***OSD Selects & Funds Projects***
  - Clear Goal: “Test to Procure”
- ***Services & SOCOM Execute Projects***
  - Nominate & prioritize their projects
  - PMs manage the tests

***Fund Testing of World-Class Items that Solve Warfighter’s Problems***

# *DAC – Testing Innovative Products for the Warfighter*

*The FY 2003 National Defense Authorization Act directed the Defense Acquisition Challenge Program to provide opportunity for:*

- **“Increased introduction of innovative and cost-saving technologies into current acquisition programs of the DoD”**
- **“Any person or activity within or outside the DoD to**
  - ✓ **Propose alternatives, to be known as challenge proposals at the component, subsystem, or system level of an existing DoD acquisition program ...**
  - ✓ **that results in improvements in performance, affordability, manufacturability, or operational capability of that acquisition program”**
- **Focus on mature technologies ... TRL 7-8!**



# DAC Impact

## Examples of Warfighter Deployment (2003-2005 Testing)

### Mini-Combat Trauma Patient Simulation System (Army & Medical Education Technologies, Inc)

- ✓ Realistic, virtual training provided for over 3500 medics
- ✓ Supports reduction of training attrition rate from 23% to 6%
- ✓ 14 simulators for Navy (Pendleton & Lejeune); 90 Army systems on contract
- ✓ Spiral in place to test follow-on tether-less Stand Alone Patient Simulator



### Spray Cool™ for Counter Targeting System (INSCOM & Isothermal Systems Research Inc)

- ✓ Self-contained, hermetically-sealed housing that cools electronics
- ✓ Enables force protection against MANPADS & mortar attacks
- ✓ 5 systems deployed to OIF / won 2003 VE Achievement Award
- ✓ Facilitated risk reduction for follow-on technology (field programmable gate arrays)



### Enhanced Position Location Reporting System (Navy / USMC & Northrop Grumman Info Technology)

- ✓ Quality of Service for the Systems Planning Engineering & Evaluation Device
- ✓ Increased communications through optimum battlefield positioning of assets
- ✓ Deployed to II Marine Expeditionary Force in Iraq



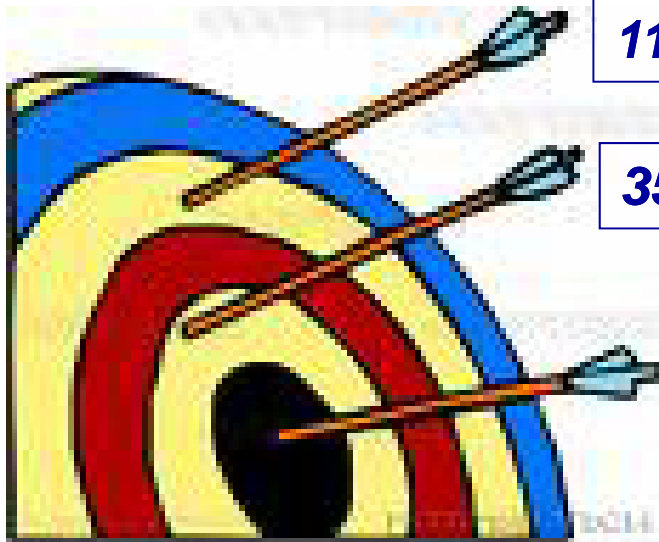
### Lightweight Core Material for Blackhawk & Apache (Army & Aztex Inc)

- ✓ Composites for a lighter-weight aircraft structure
- ✓ Provides increased platform performance and range



# DAC – Performance Measures

## Program Level Metrics & Results (2003 - 2009, 7 Years)



**119 Projects Started - 60 Completed**

**35 Projects – Procurements Worth \$364M**

**30 Projects – Direct Support for Overseas Contingency Operations (OCO)**

**Competitive - Supports Highest Priority Warfighter Needs**

- OSD Investment: \$196M (constant FY09 dollars)
- Avg. Return-on-Investment (ROI) - - 5:1
  - ✓ Based on procurement & life cycle cost avoidance
- Vendor Teaming with U.S. Industry in 35 States & D.C

**1975** Proposals Submitted

**445** Proposals  
Endorsed by PoRs

**119** Projects  
Funded

60% of Projects  
Awarded to  
Small or  
Mid-Sized  
Businesses

26% of Projects Awarded  
(15 of 58) to Companies  
Indicating “First Time  
Participation” with DoD  
(2006-2008)

# Manufacturing Technology (ManTech)



- *ManTech is critical for moving **disruptive technologies** into **disruptive capabilities***
- *If you can't build **IT**, build **IT** affordably, reliably, and in a timely manner, you don't have **IT**.*
- *To have true capability, must be able to **move beyond the prototype "One-Off"***
- **Operates Under Title 10 (Section 2521)**
  - **Manufacturing process** investments that provide product performance, operational, & affordability improvements
- **All About Affordable & Timely Equipping of the Warfighter**
  - Defense essential needs **beyond normal risk** / interest of industry
  - **Pervasive needs** across systems, platforms, or components
- **Transition of Validated Technology**
  - Scale-up of processes for S&T, ATD, IR&D, & ACTD products
  - Focus: Manufacturing **process investments**

**ManTech Addresses Major QDR Issues – Affordability, Sustainability,  
Decreased Logistical Footprint**

# ManTech Recent Successes



**Navy MT - Reduced VA Class Submarine Labor**  
85% for 1,000s of submarine attachments and penetrations – saving more than 8000 labor hrs per ship

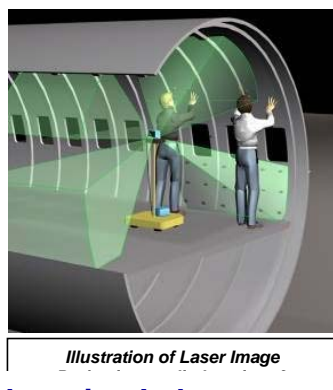
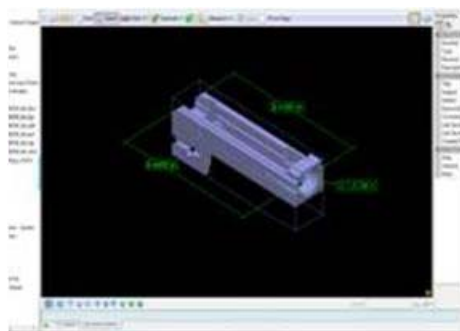


Illustration of Laser Image

**Army MT New Uncooled Focal Plane Array -**  
reduced unit cost from \$16K to \$2K per FPA, enabled supply chain to meet future Army procurement requirements

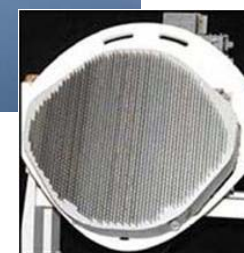


**New Model Based Mfg –**  
Piloted new mfg process data on critical M2 Barrels - new supply chain responded and reduced fab time 58%, cost reduced order of magnitude



**DLA MT - Met Tank Tread Demand Surge for OIF**

- Vital Track component experienced accelerated failures
- Advanced casting tooling method enabled industry to meet surge and demand



**AF MT - AESA Radar mfg**  
improvements reduced cost of active transmit/receive module for JSF And F-22 radars - \$745M cost avoidance

## Execution

### Service & Agency RDT&E Centers

- Scientists & Engineers
- Technology Transfer Managers
- Intellectual Property Attorneys

### DTIC - hosted Systems

- Defense Tech Transfer Information System
- IP Management Information System

### DoD / Federal Working Groups

- Federal Laboratory Consortium for Tech Transfer
- Interagency Working Group for Tech Transfer
- DoD Tech Transfer Integrated Project Team
- Defense Tech Transfer Working Group
- 1401 Working Group

## Facilitation

### DoD & Non-DoD Funded Assistance

- DoD-wide Partnership Intermediaries
  - TechLink
  - FirstLink
  - SpringBoard
  - T2Bridge
  - TechMatch
  - MilTech
- DoD / Department of Commerce MOU
- Regional, state, local economic develop organizations

### Related DoD Programs

- SBIR / STTR
- ManTech
- DACP
- IR&D
- TTI



## Acquisition

### Products & Services

- Industry partner further develops the technology, commercializes, and manufactures a product that is available for procurement and sustainment by the program of record for the Warfighter

Technology Transfer (T2) is the intentional communication of knowledge, expertise, facilities and equipment, and other resources for application to military and non-military systems. It includes spin on, spin off, and dual use.



# Partnership Intermediaries

- Provide skill & capabilities not resident in DoD labs:
  - To LABS
    - Proactive, focused, and sustained marketing of lab technologies and capabilities
    - Pursue leads
    - Closer to the marketplace and can employ a technology pull approach
    - Facilitate communications with companies
  - To PARTNERS
    - Help find technology solutions or new product opportunities
    - Make government “red tape” invisible
  - To BOTH
    - conduct market research to establish value of licensable technologies
    - understand expectations
    - develop viable license applications and commercialization plans





[www.techlinkcenter.org](http://www.techlinkcenter.org)

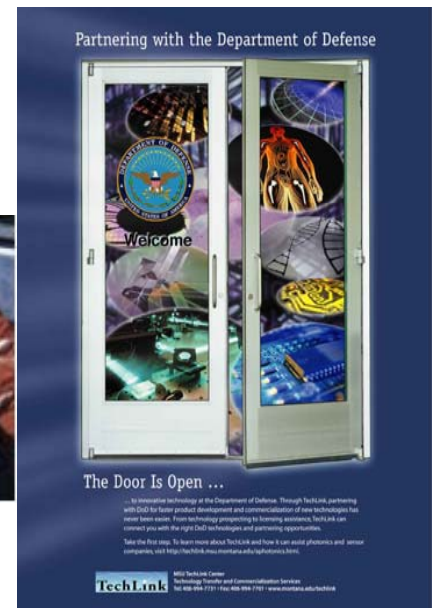


## KEY ACTIVITIES

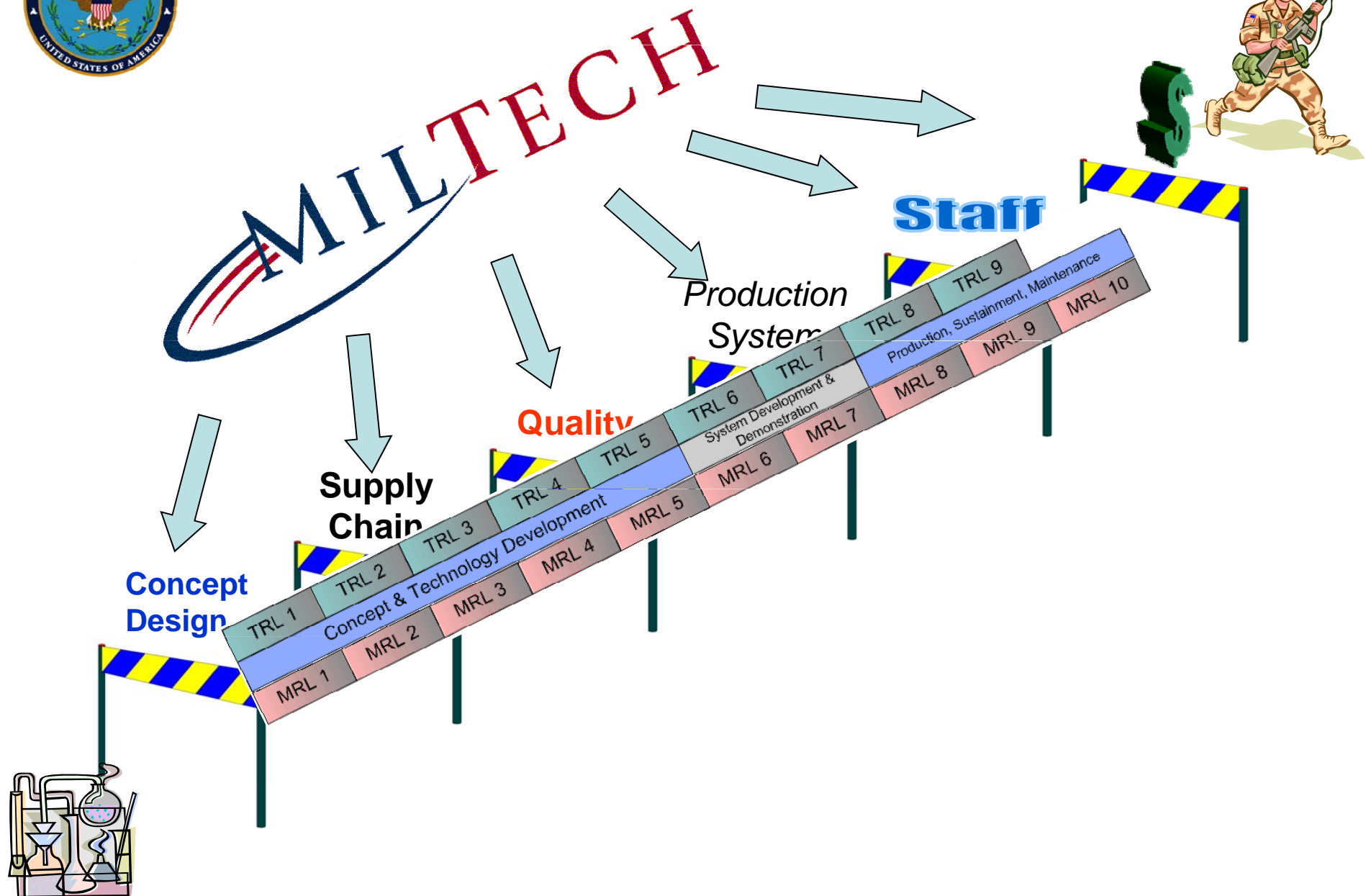
1. Licensing DoD-developed technologies to companies
2. Establishing cooperative R&D agreements between DoD labs and companies
3. Helping DoD acquire innovative technologies through the DoD SBIR and IR&D programs

## STATISTICS

1. Over 450 technology transfer partnerships established between companies and DoD labs
2. Brokered 50% of all DoD patent licenses nationwide FY 2003-2008
3. Providing 4:1 return on investment to DoD from technology transfer activities



Moving Technology from Minds to Markets →



# Technology Transition & Insertion:

## The View Depends on Where You Sit

- **Warfighters**

- Identify capability gaps, not technologies
- Don't know what equipment they want, except at Radio Shack, Wal-Mart and Toys R Us
- Need short term improvements for today, not tomorrow, much less 1 to 5 years from now

Operators and joint warfighters are hard-pressed to take the time to understand technology

- **Technology Developers**

- Generally, will not listen to the warfighters when they say what they think it is that they want
- Working to create the next generation capability – cost and time are generally not relevant

Conversely, S&T / laboratory engineers do not appreciate what the warfighter needs or acquisition

- **Service PMs, SPOs, Programs of Record (PoR)**

- It's cost, schedule, & performance!
- Risk is not desirable and you pay for it

- **The Budget Process, Comptroller, Congress ...**

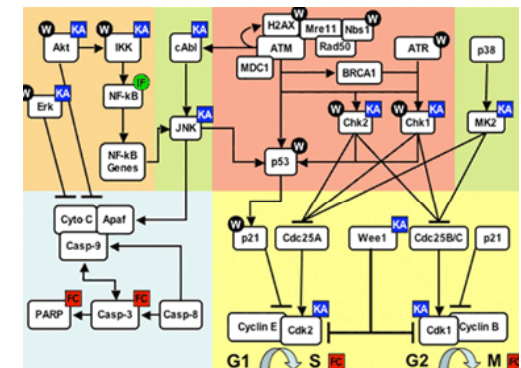
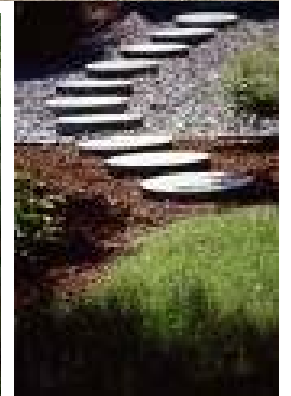
- DO NOT allow or incentivize risk
- Timing: Two Budget Years plus ...
- Little opportunity for 'quick' insertions within the budget year against a constantly changing threat

When is the last time you or someone you know received recognition for failure?





## Pathways to Success







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DoD TechMatch is a web-based portal designed to provide industry and academia a Department of Defense-sponsored solution to find Research & Development Opportunities, Licensable Patents, and information on approximately 120 DoD Labs located across the United States. Registered users will receive a daily e-mail taking them to their matching R&D opportunities from FedBizOpps, Grants.gov, and SBIR/STTR solicitations; Calendar events; and Licensable Patents relevant to your business.

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### Opportunities

- Browse SBIR Opportunities
- Browse FedGrant Opportunities
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- Search SBIR Opportunities
- Search FedGrant Opportunities
- Search FedBiz Opportunities
- Search TechNeeds

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- View Calendar Events
- Browse Calendar Events
- Search Calendar Events

### Patents

- Browse Patents
- Search Patents

### Success Stories

- Browse Success Stories
- Search Success Stories

### Labs

- Browse Laboratories
- Browse RDT&E Facilities
- Search RDT&E Facilities

### Hot Technologies

- Browse Hot Technologies
- Search Hot Technologies

[Click here to view the 2008 Hot Technologies Contest Winners](#)

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Internet

<http://www.dodtechmatch.com>

**BACK-UP SLIDES**

# Defense Research & Engineering (DDR&E)

## Key Transition Programs

	Purpose	Funding	Outcome
Joint Capabilities Technology Demonstration (JCTD)	CoCom capability gaps (joint warfare & GWOT)	~ \$200M	Improved capability for existing programs
Defense Acquisition Challenge (DAC)	Challenge existing technologies	~ \$30M / yr	Test new tech or equipment for DoD use
Foreign Comparative Testing (FCT)	Warfighter benefit from foreign ally	~ \$30M	Test foreign NDI / commercial item for DoD insertion
Technology Transition Initiative (TTI)	Accelerate lab transition to warfighter	~ \$30M	Accelerated insertion into production and/or fielding
Quick Reaction Funds (QRF)	Test emerging technology for acceleration	~ \$30M	Fielded prototype & demo
Rapid Reaction / New Solution (RR/NS)	Test emerging technologies for GWOT	~\$50M	Tested prototype funded by Pentagon for rapid field use
Manufacturing Technology (ManTech) & Mfg. S&T	Develop new or improved mfg. processes	~ \$200M+ (Services) ~ \$10-20M (OSD)	Prototype process for industry building DoD systems
Title III / Defense Production Act (DPA)	Develop critical domestic production capabilities	~ \$18M	New domestic production lines or facilities
Technology Transfer Mechanisms	Transition S&T to market	~ \$2M (DoD) + private	Production sources for military & commercial products
Force Transformation / Operational Experimentation	Integration of technologies & experimentation to meet CoCom needs	~ \$20M / yr	Prototype systems and operational concepts



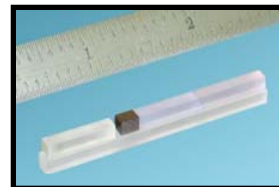
# Improved Laser Rangefinder

**Objective:** Transfer, commercialize, and rapidly transition the Army monoblock laser technology for use in weapon systems

**Challenge:** “Ruggedize” the monoblock laser for field deployment and overcome manufacturing scale-up hurdles to meet accelerated DoD demand

**Technology:** A novel, solid-state “monoblock” laser resonator developed by the Army CECOM RDEC Night Vision Lab that reduces the number of components and improves alignment, reducing the size, cost, and power requirements of laser rangefinders

**Status:** Licensed from the Army by Scientific Materials Corp., Bozeman, MT, with **TechLink** assistance. **MilTech** helped the company ruggedize the laser and overcome manufacturing challenges. Now integrated into the Army’s STORM (Small Tactical Optical Rifle Mounted) laser rangefinder/ target designators. Also being integrated into weapon systems on Stryker vehicles and attack helicopters. Being procured by the Army and deployed in Iraq and Afghanistan.





## HemCon Bandage

**Objective:** Commercialize and rapidly transition the HemCon bandage to warfighter use in Iraq and Afghanistan

**Challenge:** Overcome manufacturing problems to improve product design, increase production, reduce cost, and ensure timely delivery to meet high DoD demand

**Technology:** A novel wound dressing that rapidly stops severe bleeding, bonds firmly, sterilizes wounds, and releases readily when desired. Recognized as one of the Army's "Top 10 Greatest Inventions of 2004"

**Status:** Developed by HemCon, Inc. with funding from the US Army Combat Casualty Care Research Program. **MilTech** helped HemCon to overcome manufacturing challenges to meet high DoD demand. By DoD directive on 9/20/05, every US soldier deployed to Iraq and Afghanistan is required to carry at least one HemCon bandage. Approximately 100,000 HemCon bandages have been delivered to DoD following **MilTech** assistance.







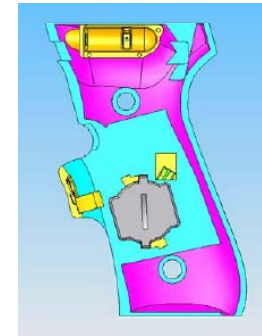
## Grip-Activated Laser Aiming System

**Objective:** Ruggedize and waterproof the internal laser circuitry to improve reliability for DoD use in wet environments

**Challenge:** The manufacturer, Crimson Trace, lacked the internal R&D staff to develop a ruggedized, waterproofed version of the Lasergrips to meet DoD needs

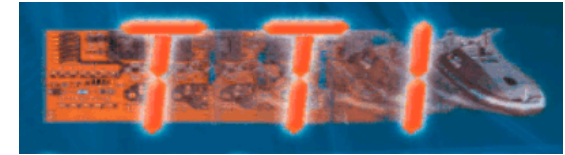
**Technology:** Compact, grip-activated laser aiming system. “Lasergrips” replace standard grips on a wide range of military pistols. Gentle pressure on the grip activates a laser that projects a red laser beam where the pistol will shoot. “Lasergrips” improve pistol marksmanship training and warfighter lethality.

**Status:** MilTech successfully bridged the gap between company capabilities and DoD needs by developing a ruggedized, waterproof design of the “Lasergrips” that can be easily manufactured. This improved version is now being procured by SOCOM.





# Technology Transition Initiative (TTI)



## Congressional Language:

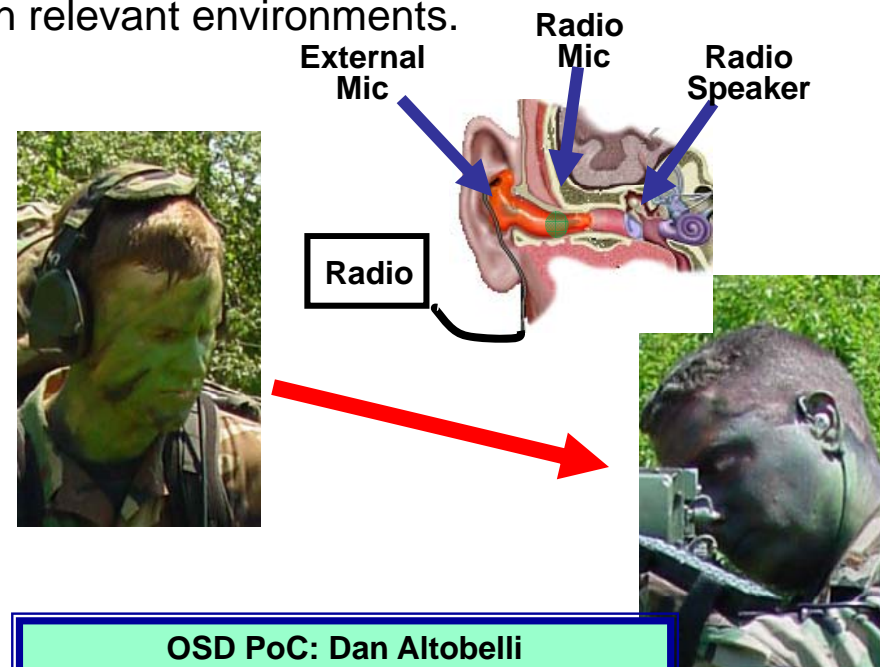
- Facilitate the rapid transition of new technologies from S&T programs of the DoD into acquisition programs of the Department for the production of such technologies.

## Objectives:

- Accelerate the introduction of new technologies into operational capabilities for the armed forces.
- Successfully demonstrate new technologies in relevant environments.

## Criteria:

- TTI Funding Accelerates Product Transition\*
- Project is from DoD S&T Base \*
- Cost Sharing to leverage funding\*
- Less than 4 years TTI Funding\*
- Established exit criteria
- Joint Focus
- Value to the Warfighter
- Technology mature – TRL 6 or 7
- Commitment to Acquisition/Procurement Path



OSD PoC: Dan Altobelli  
ODUSD (AS&C)  
Dan.Altobelli.ctr@osd.mil 703-607-5312

# TTI Criteria

Criteria	How evaluated/graded
Commitment to Transition	Most heavily weighted criterion; strong evidence of commitment to incorporate the technology into a weapon system or capability
Value to the Warfighter	Identify direct impact the ability to prosecute/win a war, save lives, or provide other operational enhancements/efficiencies; link to the appropriate Joint Capability Area; near-term impact to Global War on Terror
Established Exit Criteria	Key performance parameters identified
Potential for joint use	Joint Service/Agency/Combatant Command applicability is desirable
Technology Maturity at the time of proposal submission	Mature technologies ready to transition
Funding must accelerate technology transition into DoD acquisition/sustainment programs (Mandatory)	Fills a gap between current S&T and acquisition funding
Cost sharing to leverage TTI funding (Mandatory)	May be R&D, O&M or Procurement funds
Project duration must be 4 years or less (Mandatory)	Shorter duration projects rated higher than longer duration projects; goal is transition in 2 years or less
Technology must be from DoD S&T base (Mandatory)	Legacy funding for technology developed. (6.1, 6.2, 6.3, SBIR, DARPA, etc. )

# Globalization of S&T

**"In 2001, India graduated almost a million more students from college than the United States did. China graduates twice as many students with bachelor's degrees as the U.S., and they have six times as many graduates majoring in engineering. In the international competition to have the biggest and best supply of knowledge workers, America is falling behind."**

**--"The World is Flat", Friedman, 2005**

**China's Gross Domestic Product is now 2<sup>nd</sup> in the world to the U.S.**

**For the first time ever, all members of China's Politburo Standing Committee, the highest tier within the Communist Party, are card-carrying engineers.**

**China had 15 companies on Forbes Global 500 list in 2004, up by 4 from the 2003 rankings.**

**India had only 1 company on the Global 500 in 2003. In 2004, there are 4 Indian companies.**

**IBM Global Services India unveiled its global delivery centre in Hyderabad on June 14, 2005, the fifth IBM center in India.**

**" The last 25 years in technology have just been "the warm-up act." Now we are going into the main event, and by the main event, I mean an era in which technology will truly transform every aspect of business, of government, of society, of life."**

**Carly Fiorina, ex-Hewlett-Packard CEO  
2004**





**Black i Robotics**

Brian T. Hart

brian@blackirobotics.com

[www.blackirobotics.com](http://www.blackirobotics.com)

June 1, 2009

# LandShark UGV

•141 Middlesex rd., suite 4, Tyngsboro, ma 01879 phone: 1.978.703.1236



# About Black-I Robotics

- Black-I makes Unmanned Ground Vehicles (UGV) since 2005
- Affordable Robust Mid-Sized UGVs (ARMS UGV)
- Committed to an open source, open platform strategy
- “Jeep Chassis”

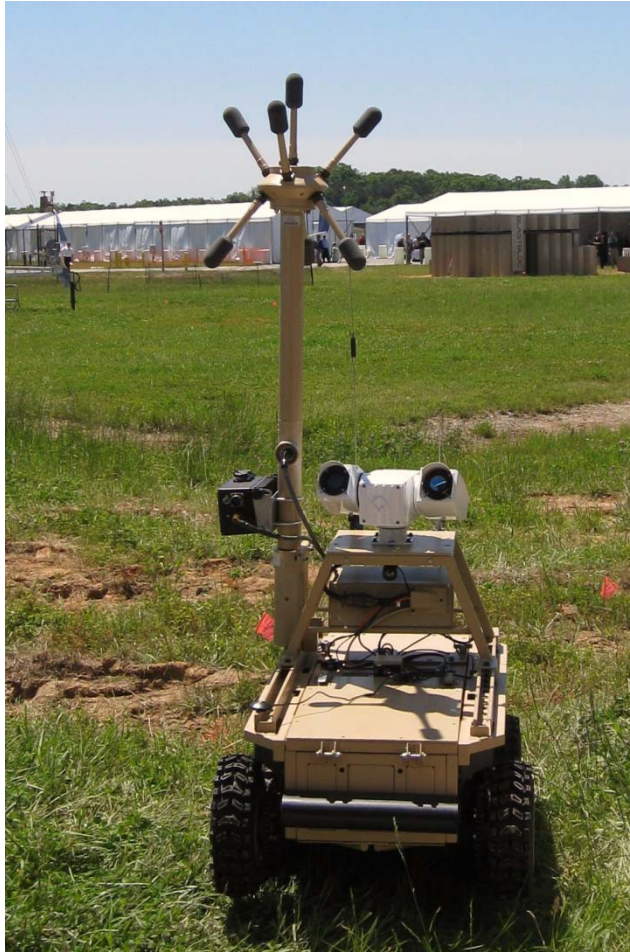


# LandShark





# LandShark Series E



# What We're Doing

- TSWG Contract FY08
  - Commercial Chassis Production Now
  - Full System with Arms & Payloads 2QCal09
- Logan Intl. Airport – VBIED Destroyer, Civilian Mkt. T&E Prototype
- Sandia National Labs - x-ray aiming
- NAVSEA Dahlgren Wolf Pack – 2 lethal, 2 non-lethal, radio relay, remote acoustic hailing device



# Applications



Version "D" -- LandShark





# Open Source Modularity Improves Price & Performance

- Open Source JAUS Software allows interchangeable parts
- PC/Tablet Based OCUs allows affordability and upgradability
- Mission Modularity Increases Apps.
- Several Missions for the Price of One

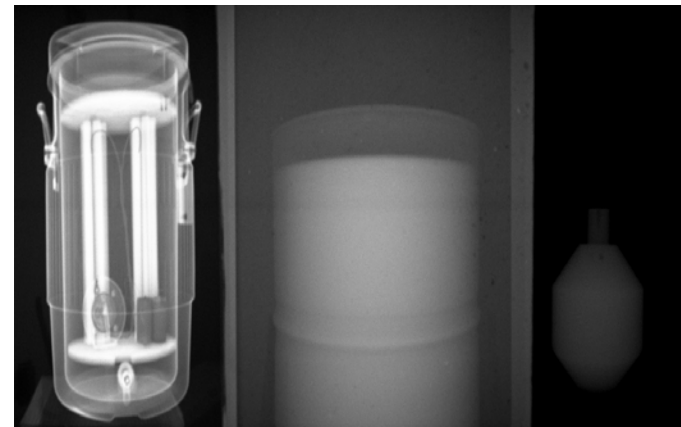
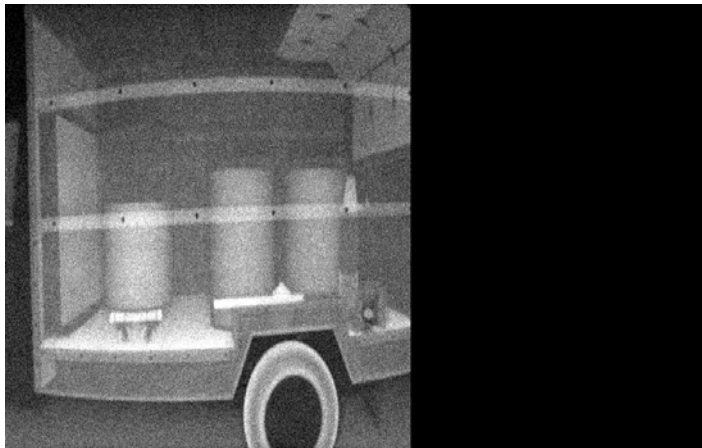
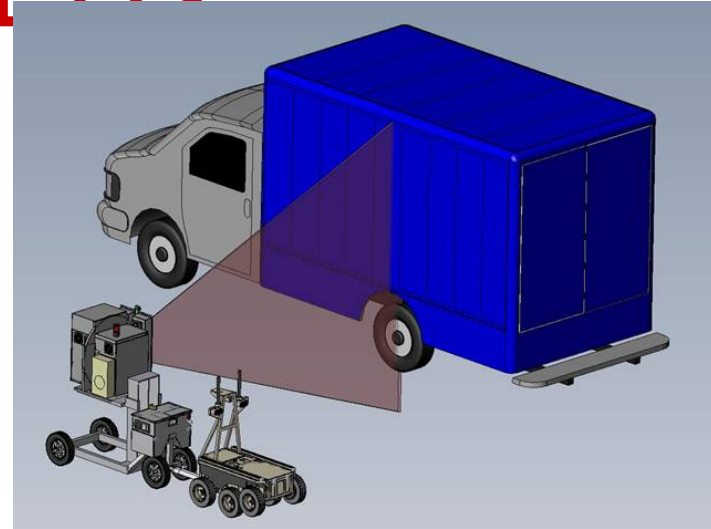


# What We're Doing

- Received “Popular Science 2008 Best of What’s New Award for Security”
- Robotic Trailer for Z-Backscatter X-Ray system for AS&E
- Sarnoff Team for Complex Terrain Mapping with Vision Systems



# LandShark Towing AS&E Z-Back Scatter X-Ray Trailer Against VBIEDs



# LandShark with MREL Aqua Ram Disruptors





# Remote Hailing Device

- Landshark D with a Moog Remote Acoustic Hailing Device attached.
- Navy recon and nonlethal hailing system.
- Drive a fence line, remotely communicate into a village.
- Slider rails allow quick mounting and dismounting of large payloads.

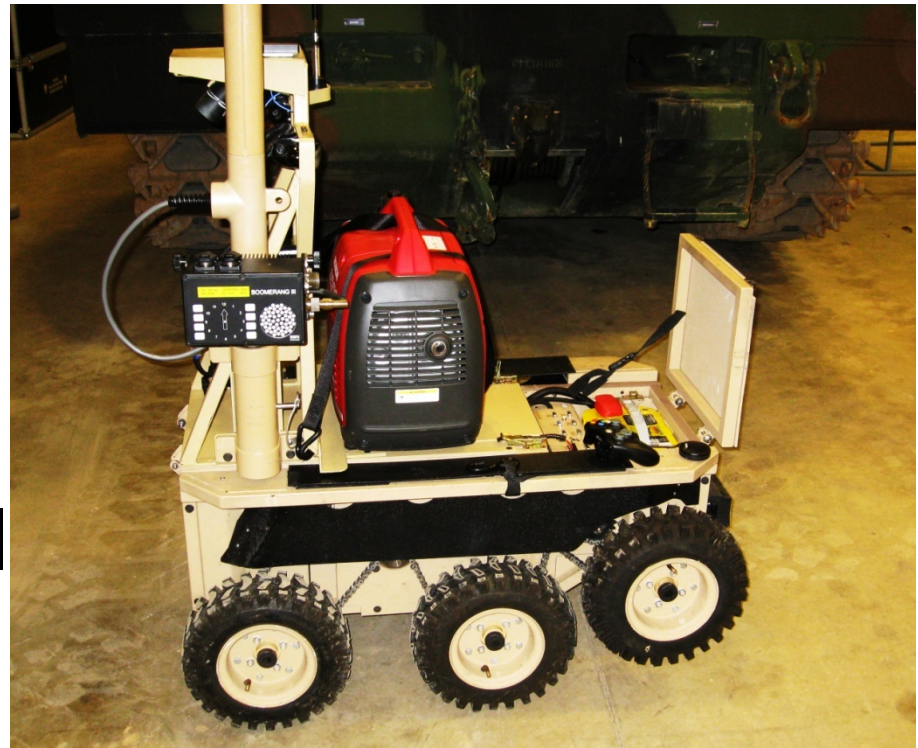




# Hybrid Configurable on Fly

## Electric or Gas/Electric

- All Electric or Hybrid Using Smart Charger
- 8 to 15 Hour Now or in Future
- 8-10 KW Multi-Fuel Gen. with Alternator & Electric Start



# Counter Sniper Experiments

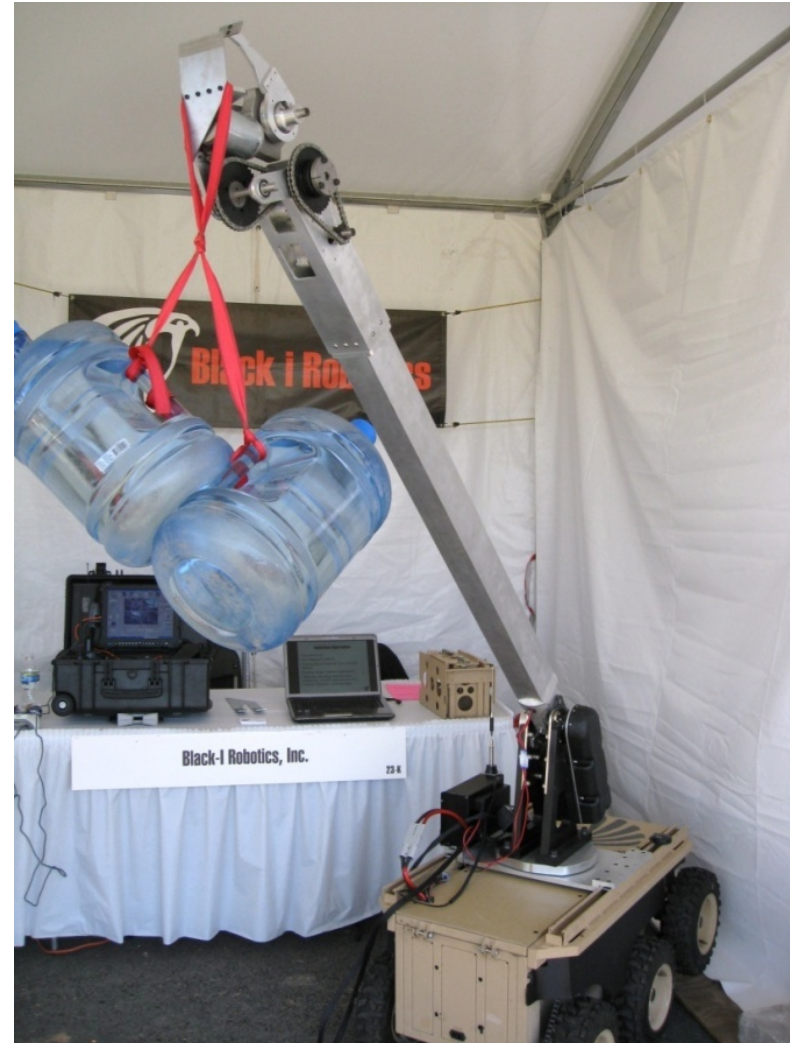
## Boomerang Acoustic Detector & Laser Veiling





# Heavy Modular Arm

- 100lb lift 6 feet
- 7800 ft.lbs at shoulder strength
- Half price of closest competitor
- Total modularity
- Factory Robotic Quality Controls Coming Next



# Trailers, Towing, Tillers & Plows



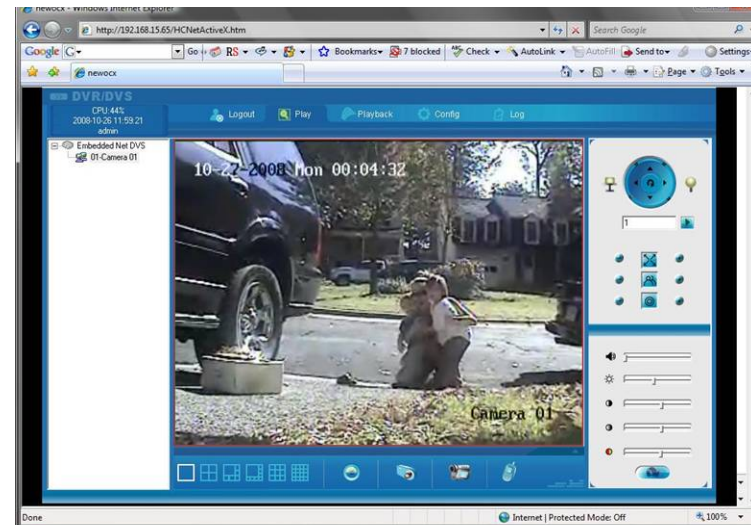
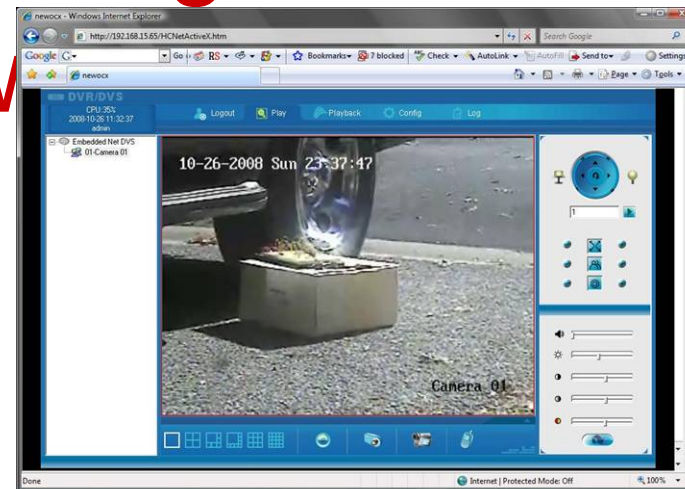
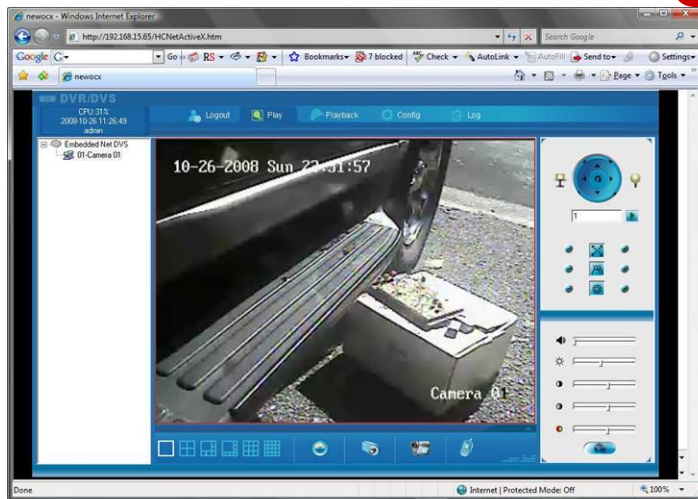


# Marsupial Deployment of Cubic's Cougar with LandShark E





# Controlled Webcasting of Images to Many



# Black-I Specific

- Product shifting to check points and perimeters and away from military EOD applications
- Targeting DHS and DOE and looking for a play in the private sector
- Targeting Open Sources and Partnering Wherever Possible



# Difficult Environment

- Rare Opportunity to Grow by Multiples Yet
- Lobbying & Lonely
- Political Riptides (PA, MI)
- Third World Bus. Practices Within DOD
- Problematic Capital Markets

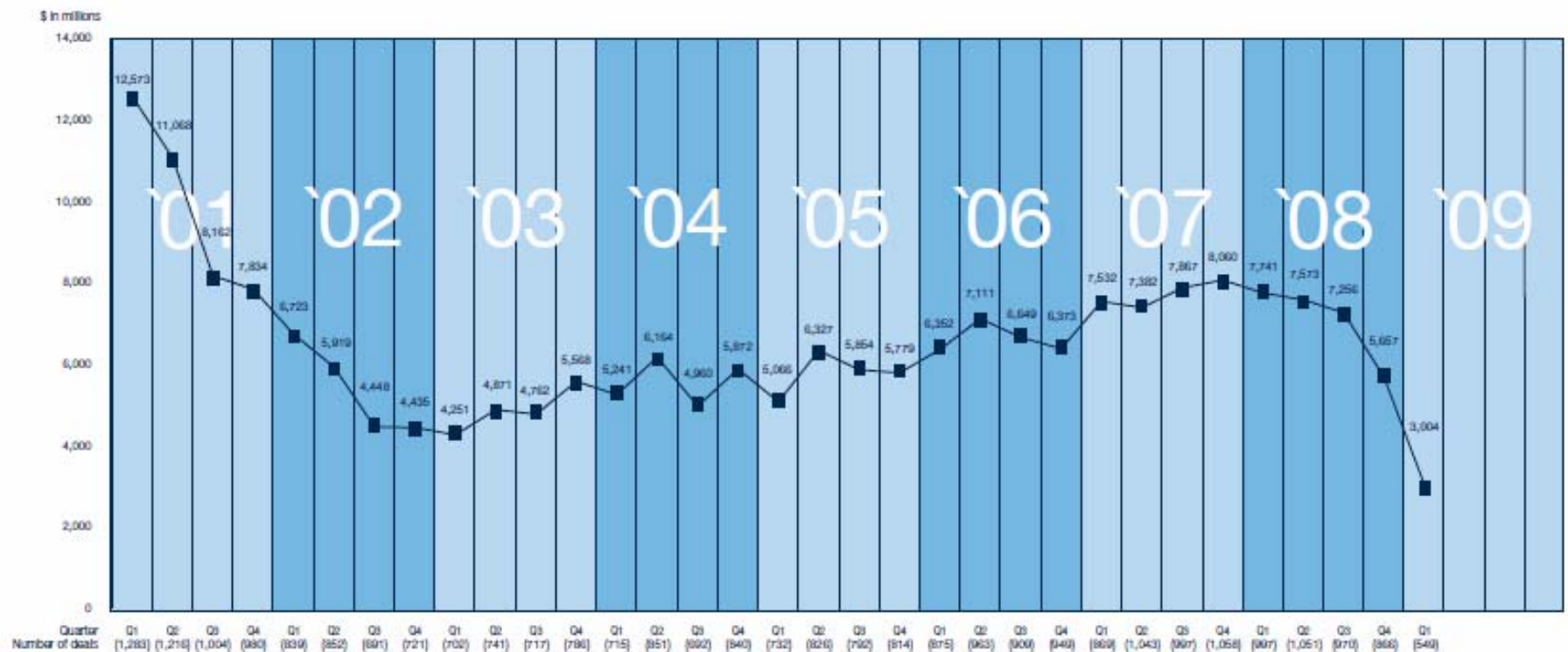


# How Does a Small Company Raise New Capital?

- Traditional Banking
- IPO?
- Traditional Private Equity
- Merger & Acquisition
- Strategic Partnering



# VC Investments





# Funds for acquisitions by larger firms

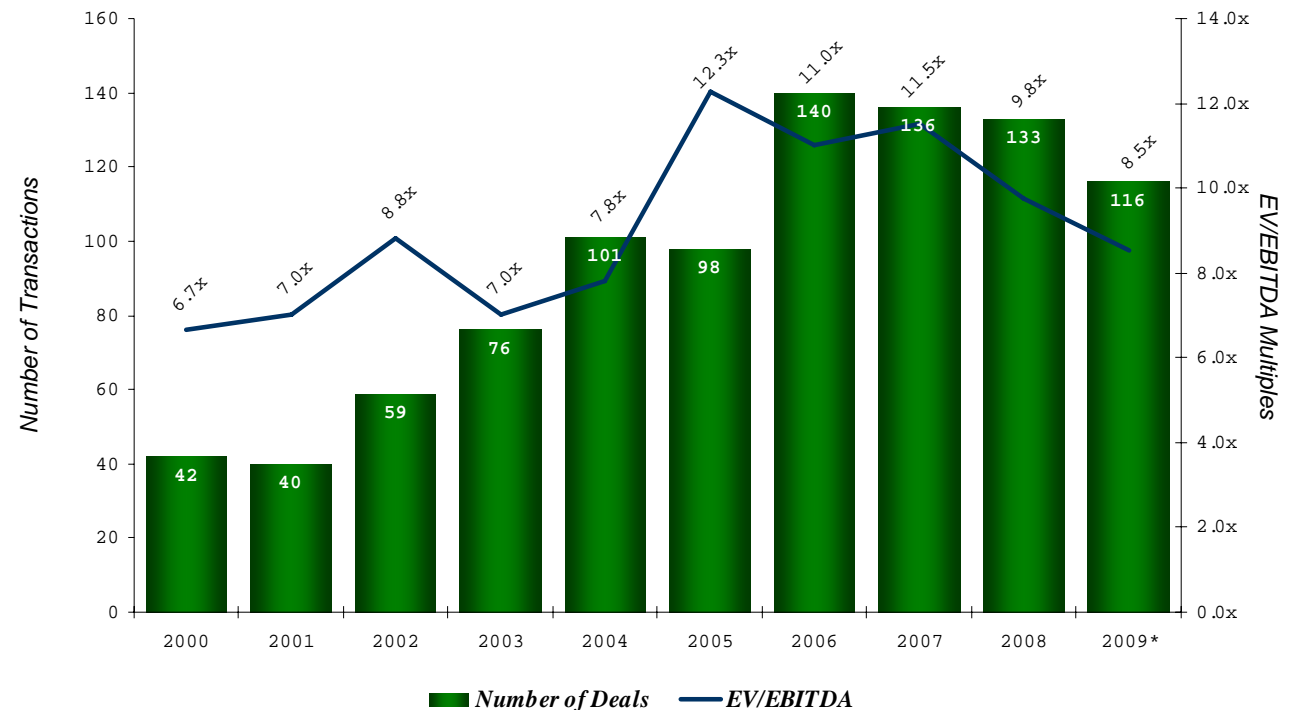
- Acquisition funds are high
- Valuations are moderate and financial leverage in a purchase is low
- Is there a public play for a small company that does a roll up of related and like-minded



# Defense Transactions & Valuations

- Over the past 10 years, average M&A Valuations have ranged from 7x to 12x LTM EBITDA
- Defense valuations peaked from 2005 to 2007
- Historical valuation median since 2000 at 8.7x with median activity level is approximately 100 deals per year

***LTM period valuations currently at historical median level***



Source: Houlihan Lokey's proprietary M&A database; Multiples reflect enterprise value to latest twelve months EBITDA prior to deal announcement  
\*Represents LTM as of 4/15/09



# Strategies That Are Working for Black-I

- Cost
  - Outsource.
  - Keeping fixed costs low.
  - Max. Variable Cost/Rev
  - Publicity over Advertising
- Price
  - Making products affordable by design



# Strategies That Are Working for Black-I

- Speed
  - Move faster with today's information not last year's – Don't Wait for the Needs Statement
  - Partner for speed
- Focused Innovation
  - Licensing government technology
  - CRADAs and leveraging government work (NAVSEA)
  - IP Strategies – Use COTS, Trade Secrets and limited patents
  - Work the Hill
  - Riding the up escalator – target technology trends use only latest tech.
  - Markets less than 2 years out



# Importance of Small Defense Businesses in War

- Military Warfare
  - Faster, Better Cheaper are all Small Business Strengths
  - Saving DOD from itself.
- Economic Warfare
  - Avoiding Dead-End Defense Programs
  - Making/Losing Jobs





# Electronic Systems Center



## Welcome to ESC

May 09



# Overview



*ESC Mission Overview*

- Mission Overview
- History of ESC and Hanscom
- Enterprise Overview
- Hanscom Moving Forward

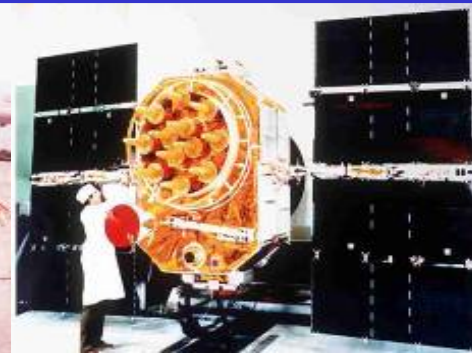
*Integrity - Service - Excellence*



# ESC Mission



## *ESC Mission Overview*



***Empower The Warfighter  
To Leverage Information As An Effective Weapon  
—Anywhere, Anytime!***





# Our Vision



*ESC Mission Overview*

## *War-winning Information Systems...*

## *On time, On cost*



*Integrity - Service - Excellence*



# Overview



*ESC Mission Overview*

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# Laurence G. Hanscom



## *ESC Mission Overview*

- The State House reporter for the Worcester Telegram and The Evening Gazette
- The founder and first president of the Massachusetts Wing of the Civilian Air Reserve (1940)
- Just prior to his death he had been lobbying for the establishment of an airfield in Bedford
- He was performing acrobatics when his plane crashed on February 9, 1941
- Land named Laurence G. Hanscom Field, Boston Auxiliary Airport at Bedford in June 1941 and subsequently Hanscom Air Force Base



*Integrity - Service - Excellence*



# ESC -- A Rich Heritage



*ESC Mission Overview*

**1940's**



**1949  
Cambridge  
Field Station  
Becomes AF  
Cambridge  
Research Labs  
(AFCRL)**

**1950's**



**1952  
MIT est.  
Lincoln Lab**

**1958  
MIT Forms  
MITRE Corp.**

**1960's  
1970's**



**1961  
ESD  
Established**

**1980's  
1990's**



**1992  
ESD  
Redesignated  
ESC**

**2000+**



**2005  
ESC  
Reorganization  
(Wing, Group, Squadron)**

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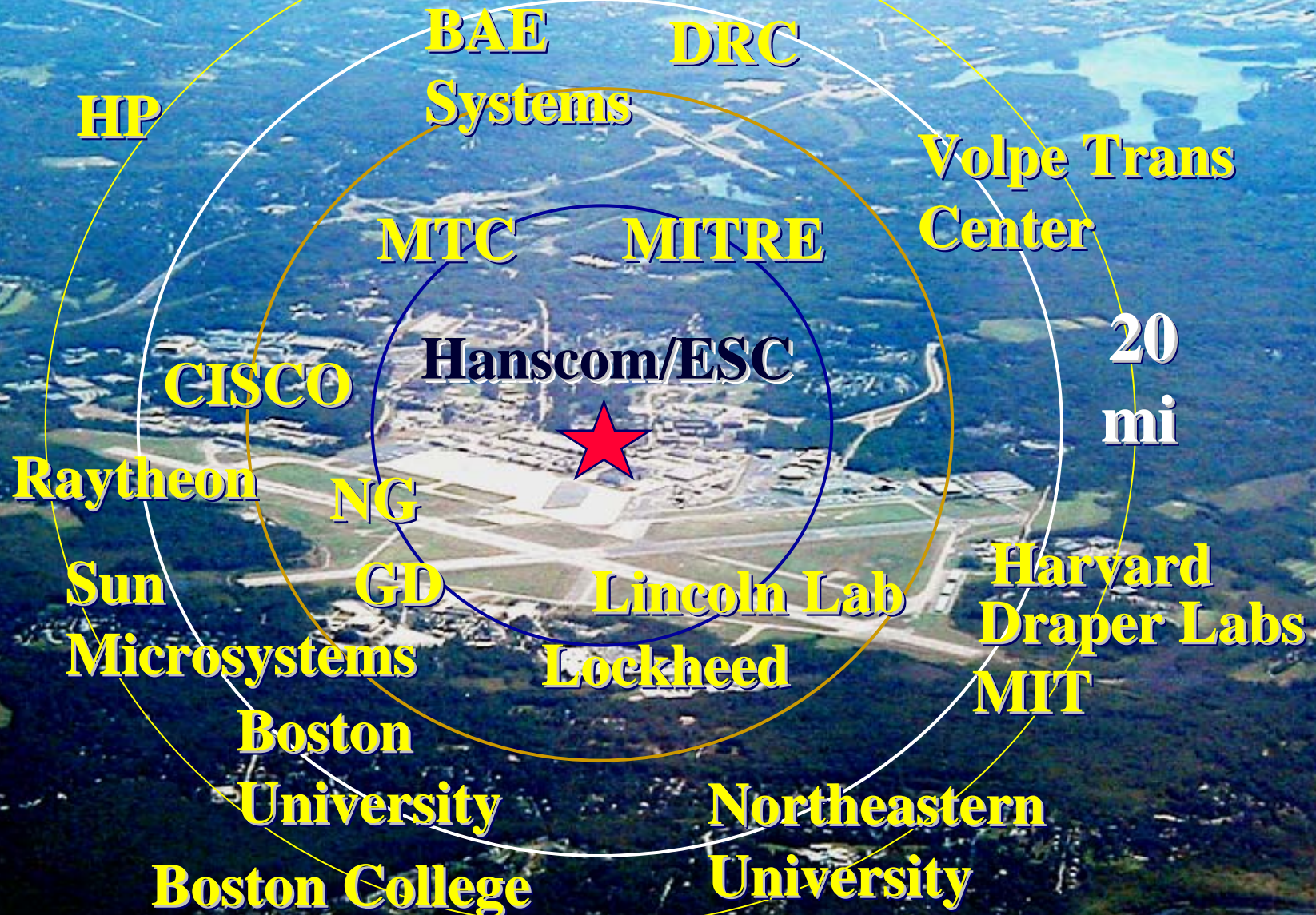




# Center of the Technology Hub World Class IT Firms & Academia



*ESC Mission Overview*





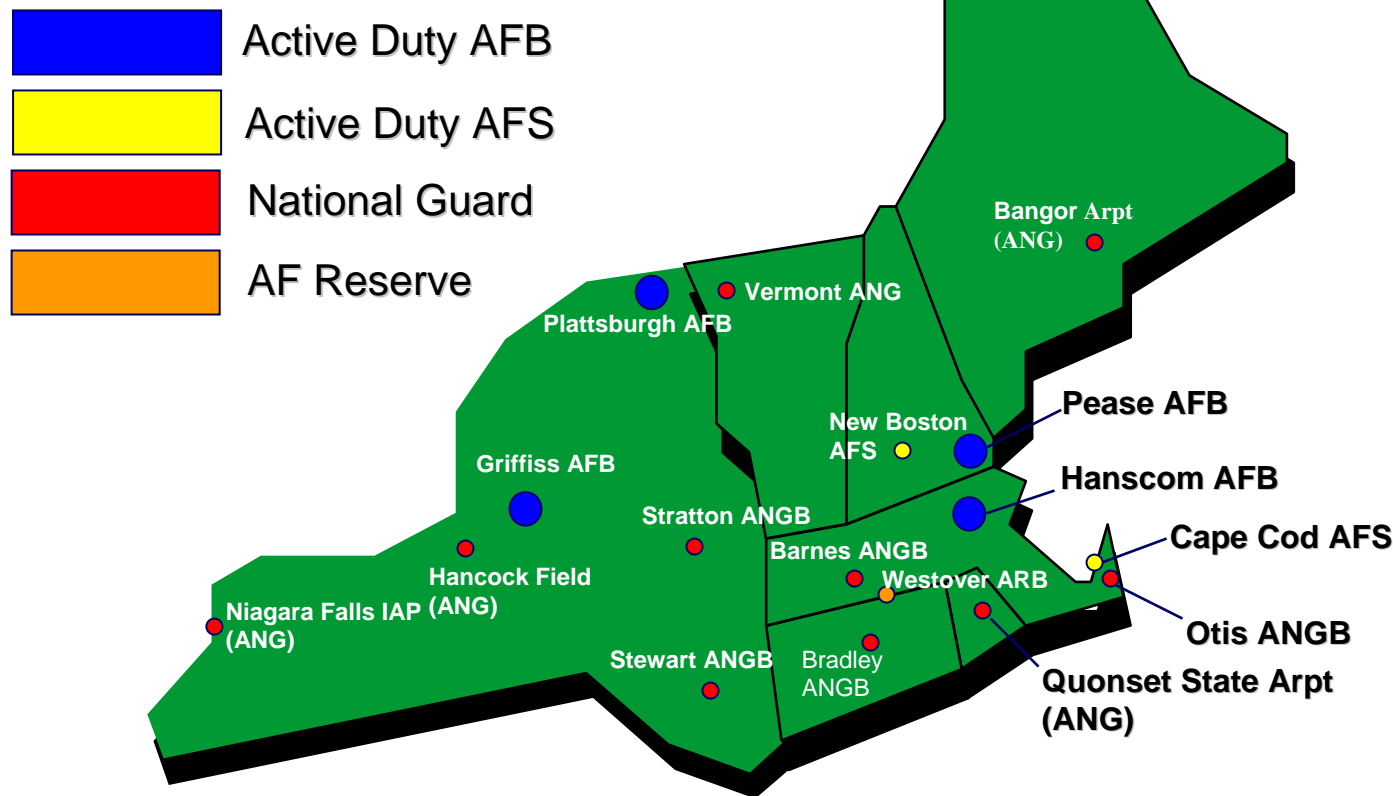
# AF Bases of the North East

## 1991



*ESC Mission Overview*

### 1991 Active Duty AFBs: 5



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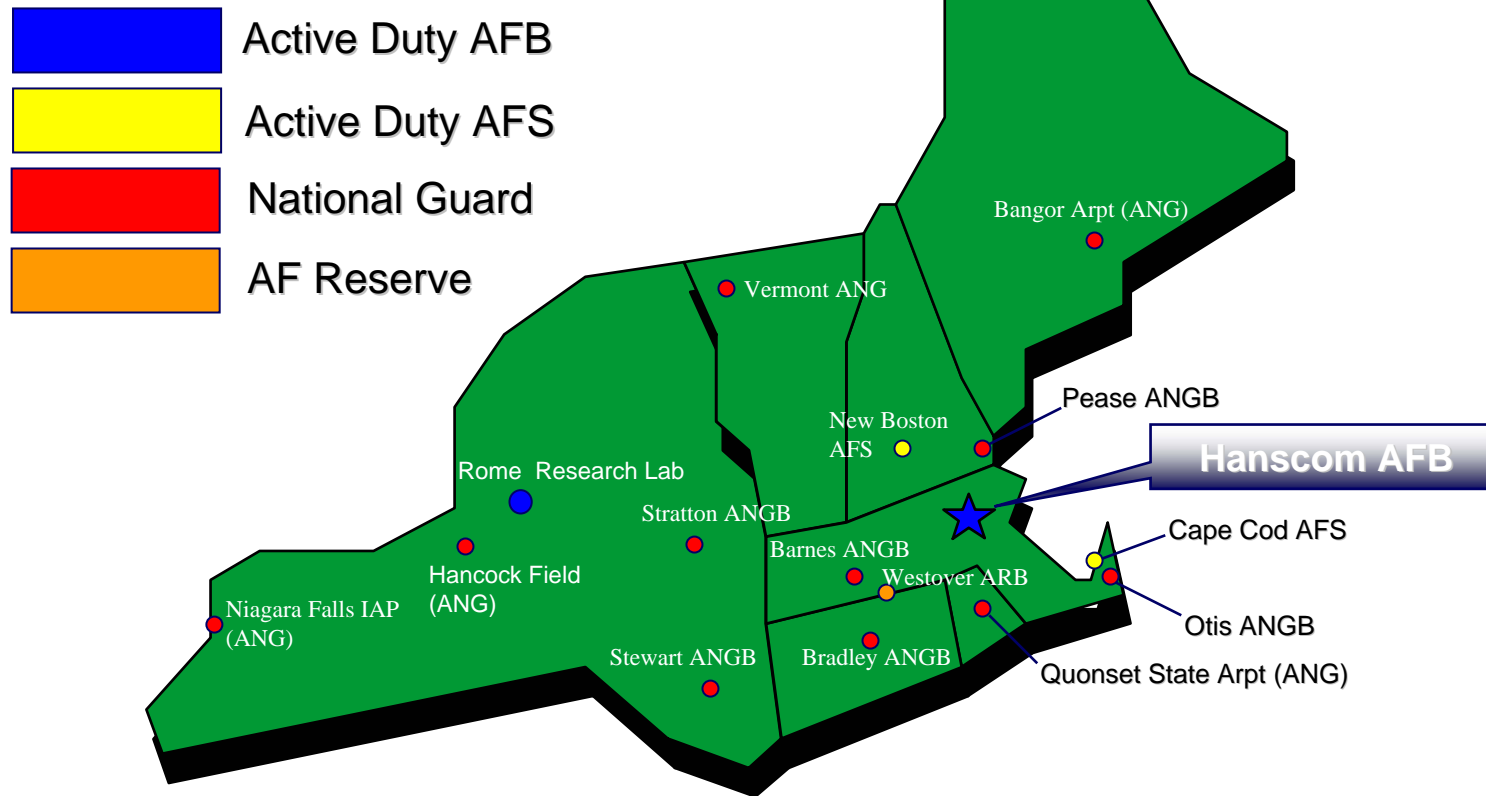


# AF Bases of the North East Today



*ESC Mission Overview*

## Current Active Duty AFBs: 1



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# Overview



*ESC Mission Overview*

- Mission Overview
- History of ESC and Hanscom
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- Hanscom Moving Forward

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# Hanscom's Economic Impact On Massachusetts (2007)



*ESC Mission Overview*

- 9th Largest Business Employer in MA
- Contract Awards: ~\$1.6B
- Total Payroll--Hanscom Complex: ~\$752M

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# ESC Key Leadership



*ESC Mission Overview*



**Lt Gen Ted Bowlds**  
ESC Commander



**Mr. Richard W. Lombardi**  
Executive Director



**BG Terry Feehan**  
Vice Commander



**Col Robert Dominguez**  
350 ELSW  
C2 & ISR Systems



**Col Dwyer Dennis**  
551 ELSW  
Battle Management



**Col Derrick Richardson**  
554 ELSW  
Operations Support



**Mr. Ron Mason**  
653 ELSW  
Cyberspace/Netcentric



**Col David Orr**  
66th Air Base Wing

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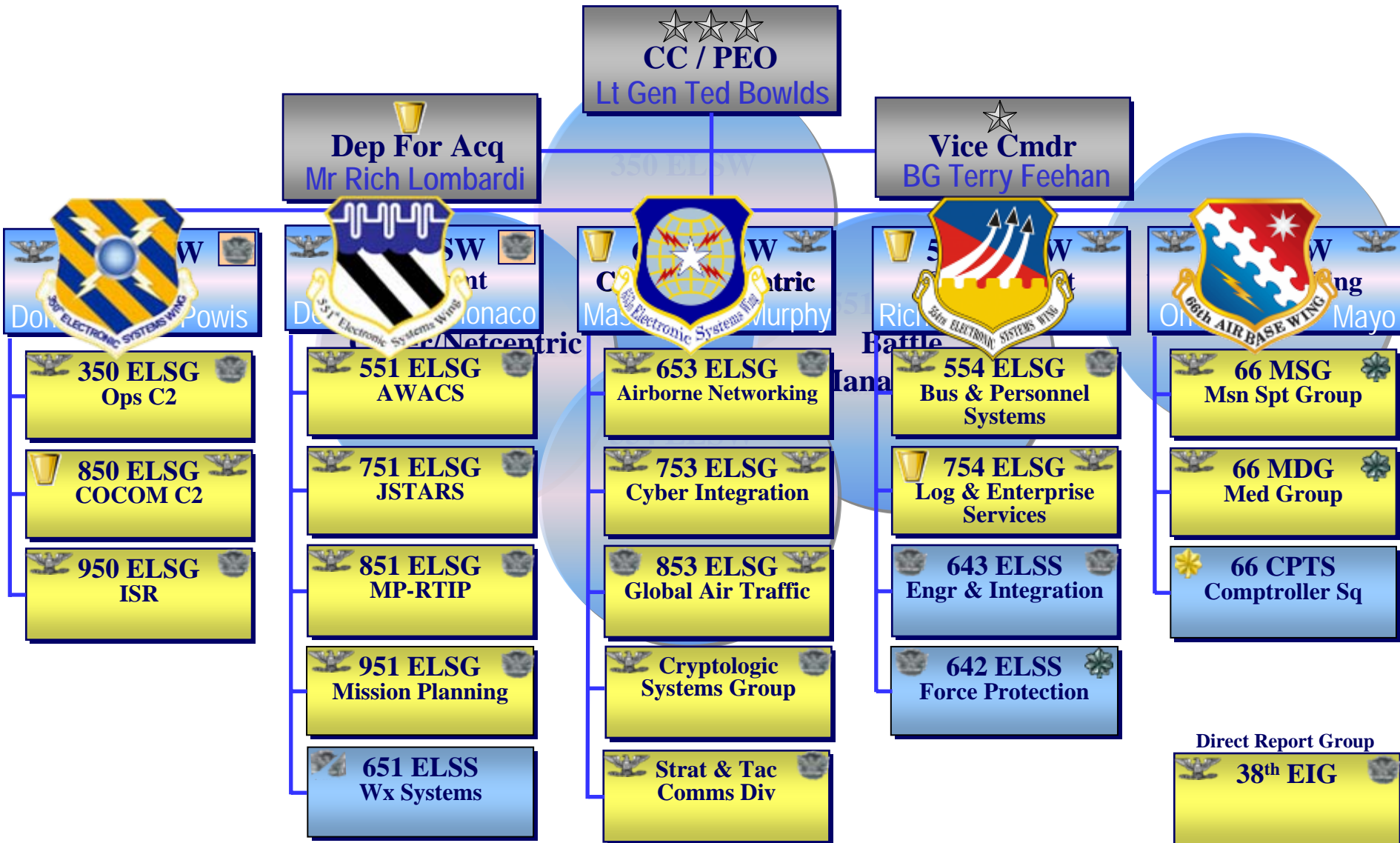




# Organized For Success



## ESC Mission Overview







# Distributed & Engaged

## ESC Mission Overview

**Hanscom AFB**  
**7 Major GSUs**  
**~400 Prgms/projects**

**~ 4,300 People**  
**~ 3,600 People**  
**~ \$5+ Billion/yr**



**STRATCOM**

(21)

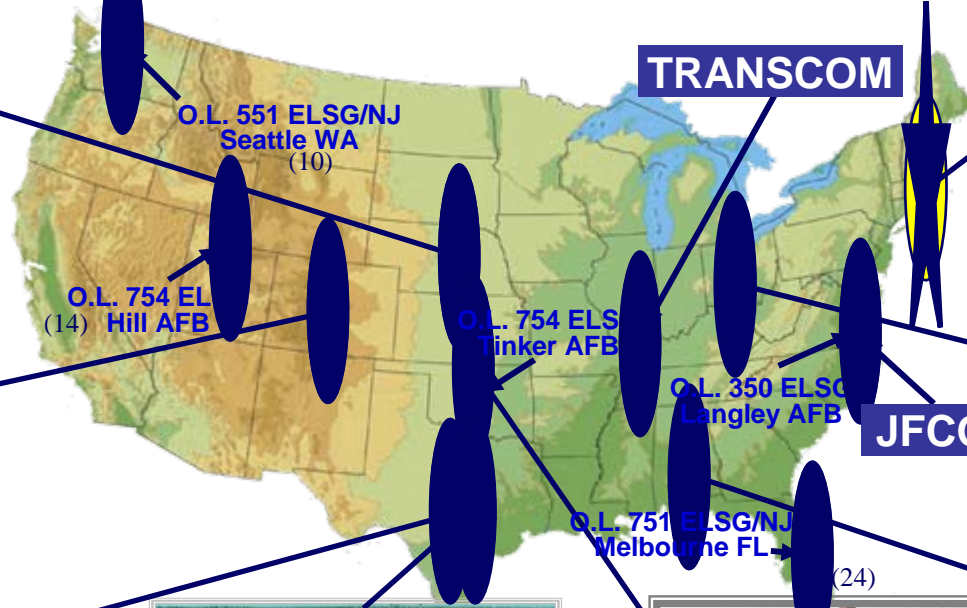


**NORTHCOM  
NORAD**

(135)



**Personnel Systems Div  
Randolph AFB TX**  
(88)



**TRANSCOM**

**JFCOM**



**HQ ESC  
Hanscom AFB MA**  
(2169)



**554 ELSG  
Wright-Patterson AFB OH**  
(362)



**38th Eng/Install Gp (38 EIG)  
Tinker AFB OK**  
(350)



**754 ELSG  
Maxwell AFB AL**  
(909)



**Cryptologic Sys Gp (CPSG)  
Lackland AFB TX**  
(613)



# Electronics Systems Center



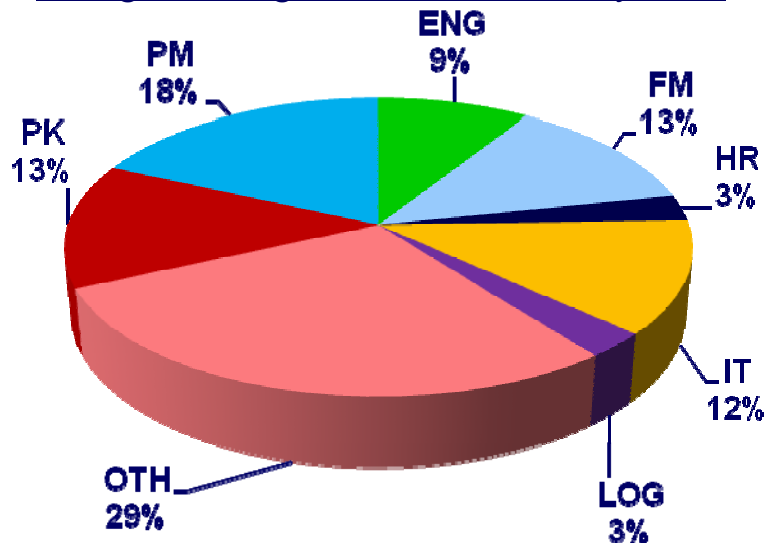
## Demographics

As of: 2 March 2009

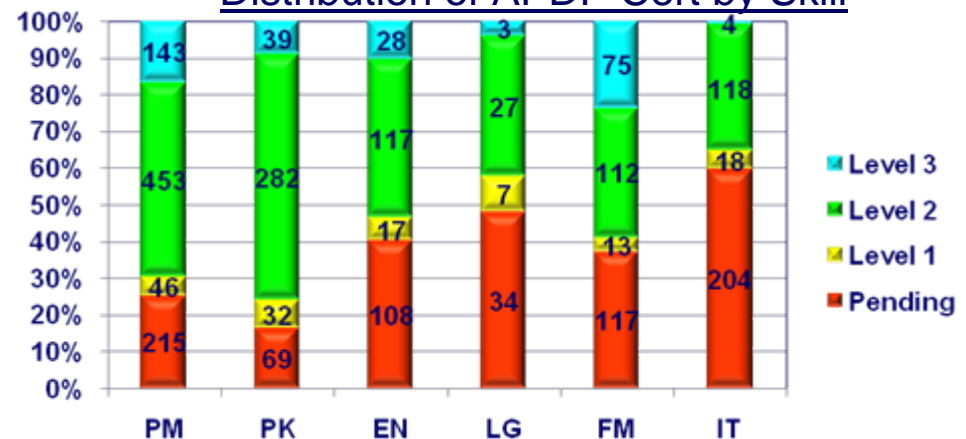
*ESC Mission Overview*

	CIV		ENL		OFF		CME		Total	
	AUTH	ASSN	AUTH	ASSN	AUTH	ASSN	AUTH	ASSN	AUTH	ASSN
HQ Staff	278	336	70	74	71	52	67	43	486	505
350 ELSW	357	283	27	26	264	195	739	721	1387	1225
551 ELSW	221	153	17	15	159	115	509	513	906	796
554 ELSW	1066	943	414	408	191	99	638	597	2309	2047
653 ELSW	695	587	141	151	178	146	1020	1016	2034	1900
66 ABW	423	400	245	278	52	62	271	211	991	951
TOTAL	3040	2702	914	952	915	669	3244	3101	8113	7424

### Assigned Organic Workforce by Skill



### Distribution of APDP Cert by Skill



271 of 363 Critical Acquisition Positions are filled (77.7%)  
219 of 271 assigned to CAPs are certified at appropriate level (80.8%)

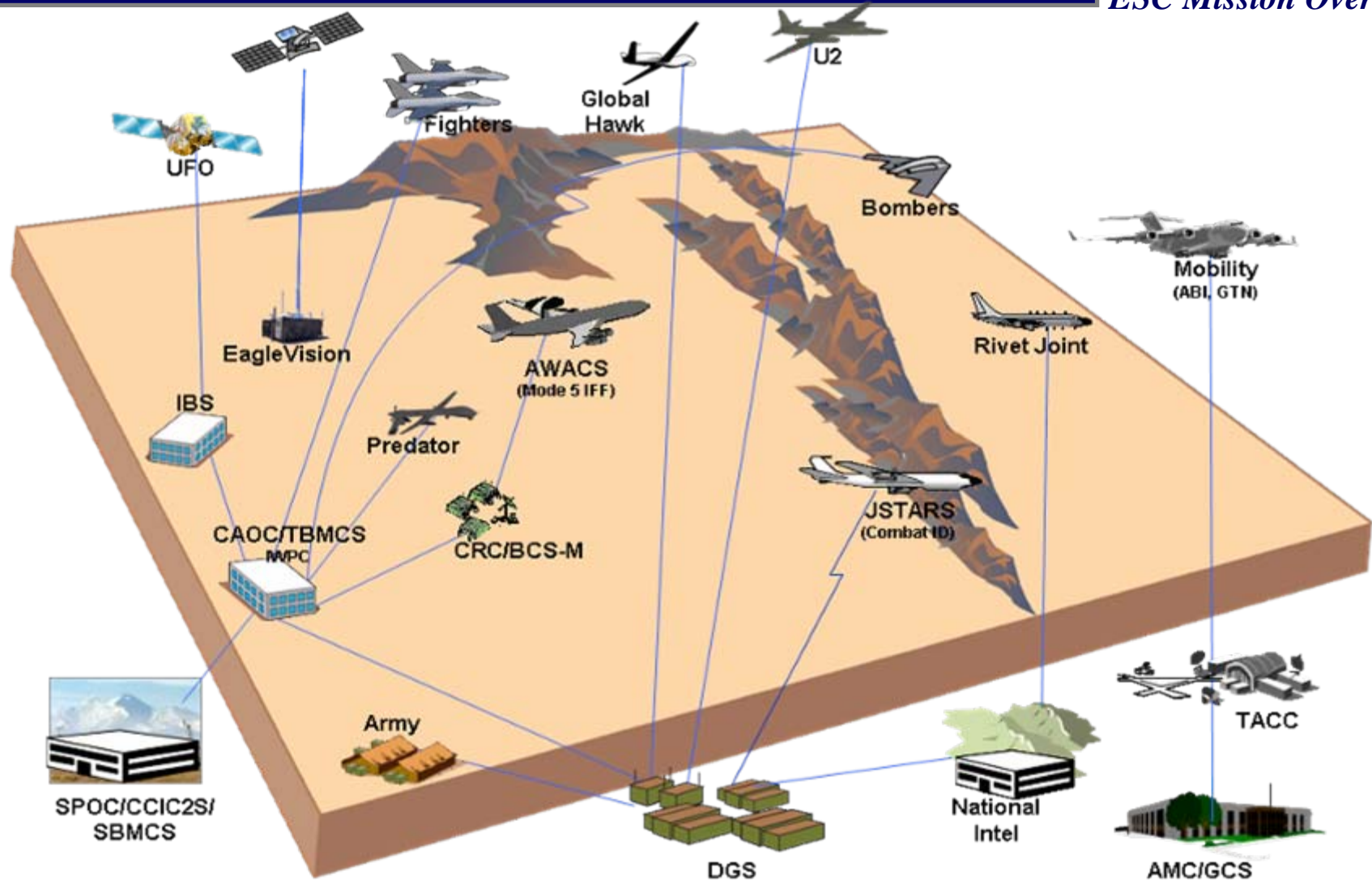


# 350th Electronic Systems Wing

## C2 ISR



*ESC Mission Overview*



*Integrity - Service - Excellence*

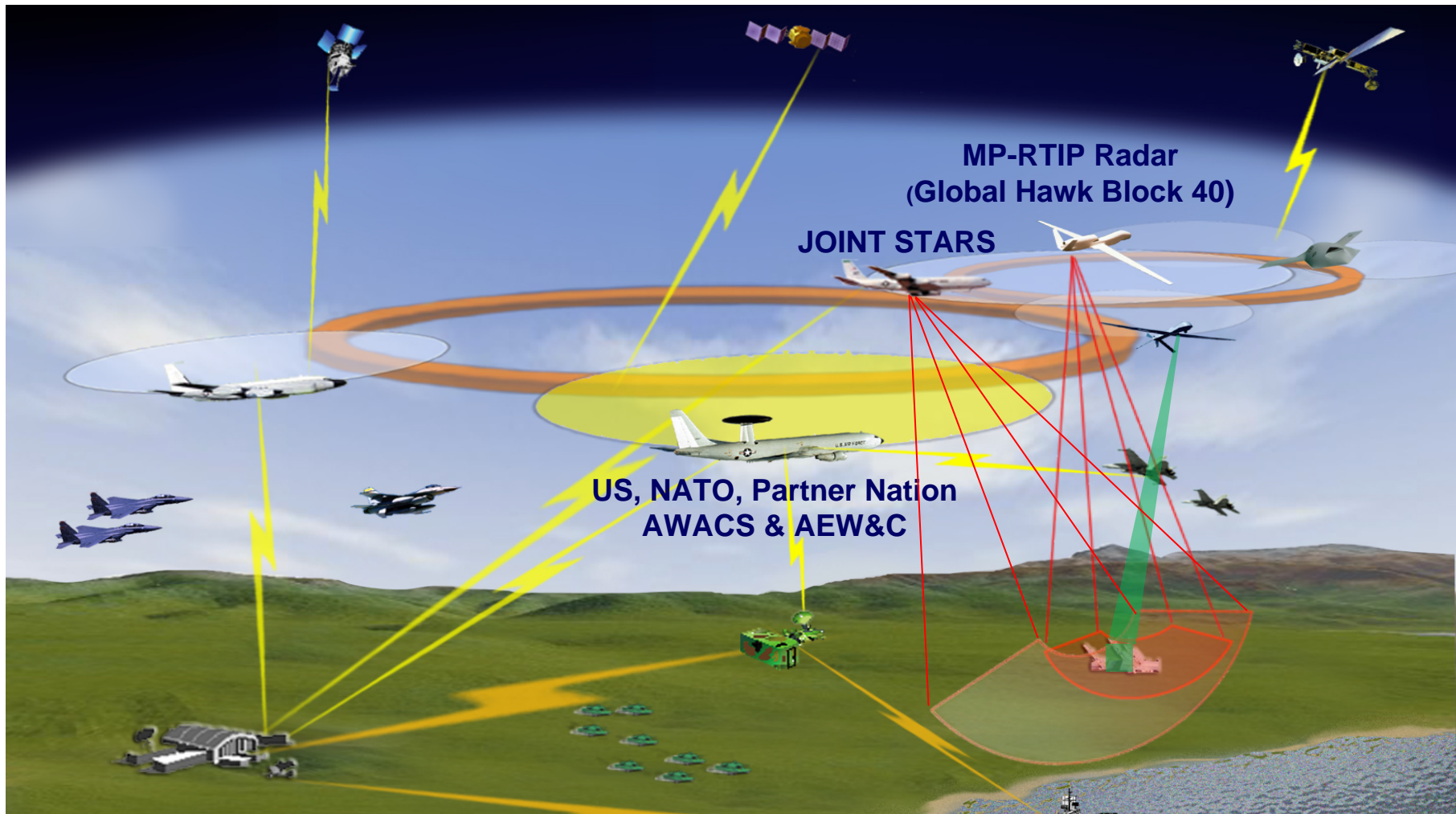




# 551st Electronic Systems Wing Battle Management



*ESC Mission Overview*



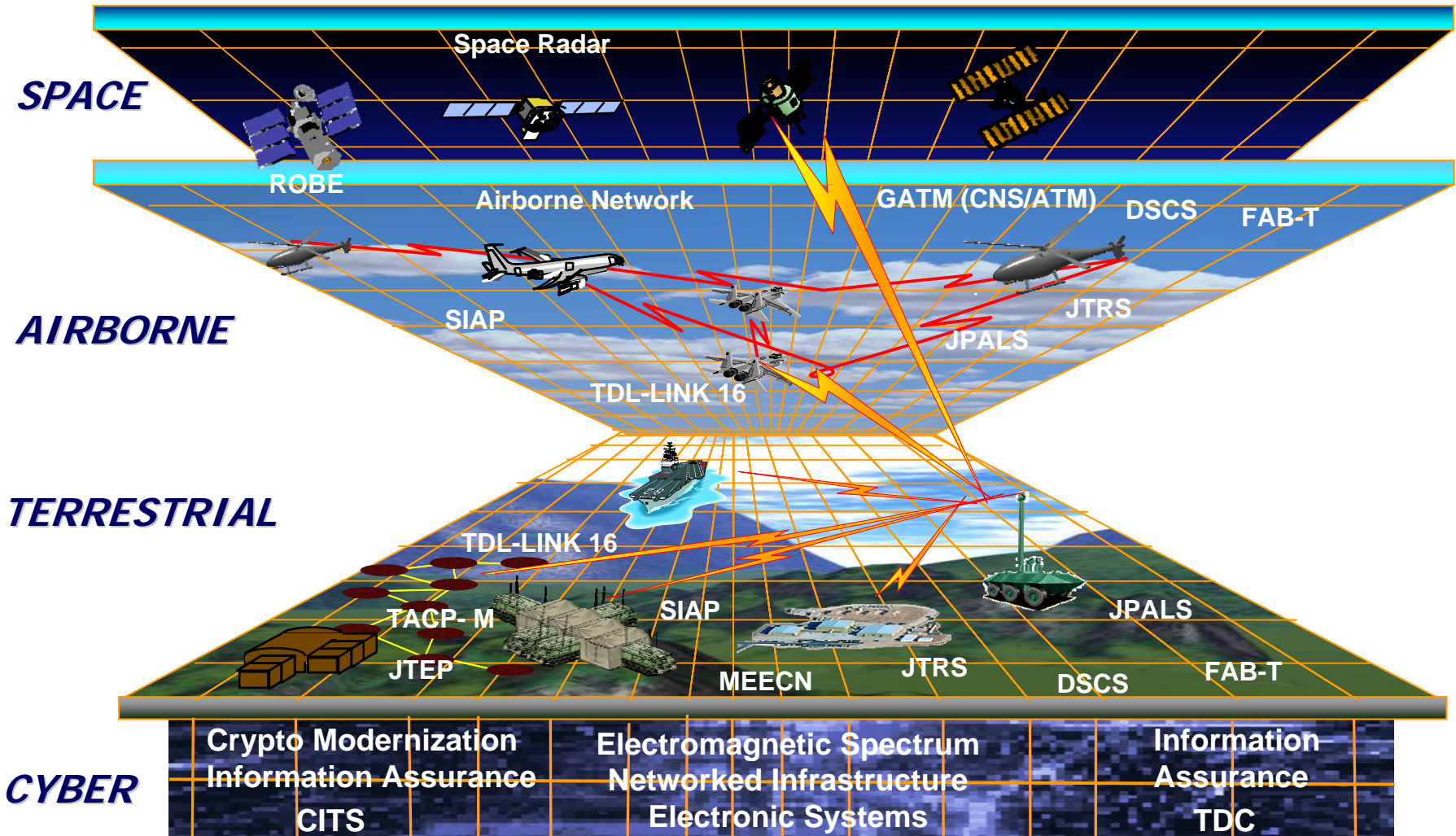
***Building and Maintaining AF and Partner C2 & ISR platforms...  
and Evolving Towards a Net-centric C2 Constellation***



# 653d Electronic Systems Wing Cyber/Netcentric Operations



*ESC Mission Overview*



*Achieve net-centric operations where anything on the network can be dynamically integrated to support any mission...*





# 554th Electronic Systems Wing Operations Support



*ESC Mission Overview*



***Airfield Ops  
Judge Advocate  
Acquisition  
Manpower  
Personnel***

***Logistics Readiness  
Civil Eng / Safety  
Medical / Services  
Comm / Information  
Security Forces***

***Munitions  
Contracts  
Financials  
Comptroller  
Maintenance***



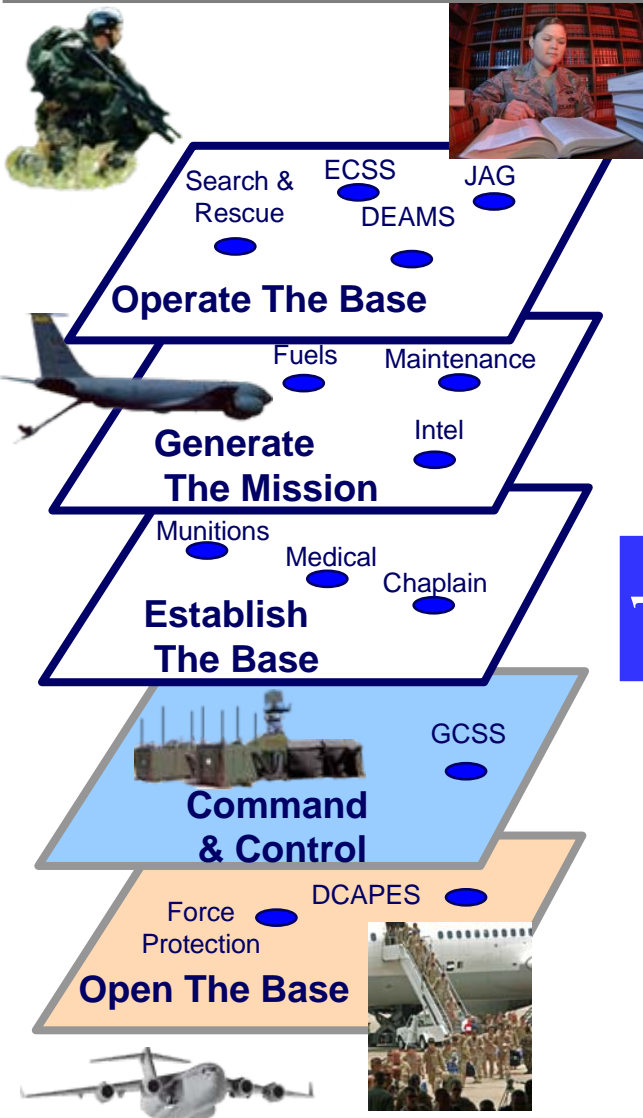
***Supporting every Airman, every Civilian, every Retiree***



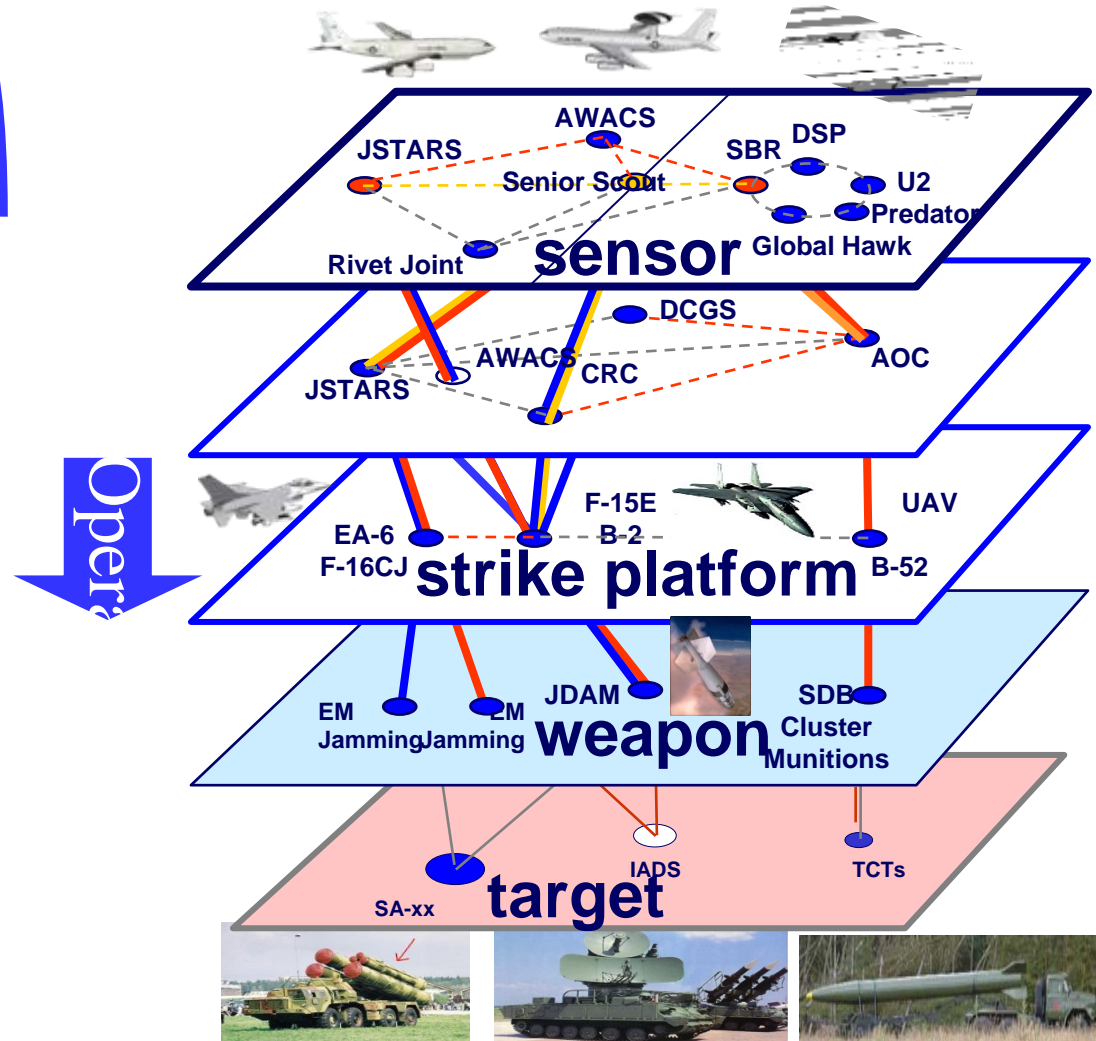
# ESC -- Mission Enabler



## ESC Mission Overview



omb



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# Overview



*ESC Mission Overview*

- Mission Overview
- History of ESC and Hanscom
- Enterprise Overview
- Hanscom Moving Forward

*Integrity - Service - Excellence*





# Making progress...

## Replace Acquisition Mgt Fac, Phase I B-1600



*ESC Mission Overview*

- \$12.8M MILCON – FY08 Insert approved
- Built in the 1950's - small rooms with long corridors
- Infrastructure deteriorated and inadequate
- Will provide suitable working space for ESC acquisition professionals



*Integrity - Service - Excellence*



# ESC Deployed Personnel



*ESC Mission Overview*

***Since 2002  
ESC Deployed Over  
1100 of Its Members,  
and We Average  
About 200 Each Year  
In Support of the  
Global War on Terror***



*Integrity - Service - Excellence*





# ESC & Hanscom AFB



*ESC Mission Overview*

A Rich  
Heritage...



Incredible Air Force People Shaping the Future...



...Putting the Cursor On the Target



NDIA  
6<sup>th</sup> Annual National  
Small Business Conference

# Sell - Be Sold - Or Be Gone

OI&Q<sup>SM</sup> Based on Human Intel

William B. Scheessele,  
CEO/President, MBD<sup>i</sup>



## Discussions – Questions – Decisions

- How do the following contribute to challenges you face in BD and revenue growth
  - Strategy
  - Culture
  - Capabilities
  - Personnel
  - OI&Q™ Process
  - Leadership
- What do you find most difficult regarding the role or process of Business Development?



## The 4 Challenges to Building & Leading a Business Development Organization

1. Assessing Operational & Tactical BD Plans
2. Personnel & Organizational Assessment  
Realignment with Leadership Evaluation



## The 4 Challenges to Building & Leading a Business Development Organization

3. BD Process Design & Implementation with  
Operations Support
4. Professional Development Curriculum Design  
& Implementation





Small Business Rule #1:  
“Make Pay Every Friday”  
“He who rides the tiger cannot dismount”

- The Dependent vs. Independent mindset and environment
- Your plan or you are part of someone else's plan



## The People and Leadership Side of Business Development

- Top 3% in Their Profession
- Learned to Think Differently
- Understand Conceptual vs. Mechanical Challenges
- Study and Apply the Principles of Leadership



## Leadership & Business Development

### Being

Who We Are as an Individual

### Knowing

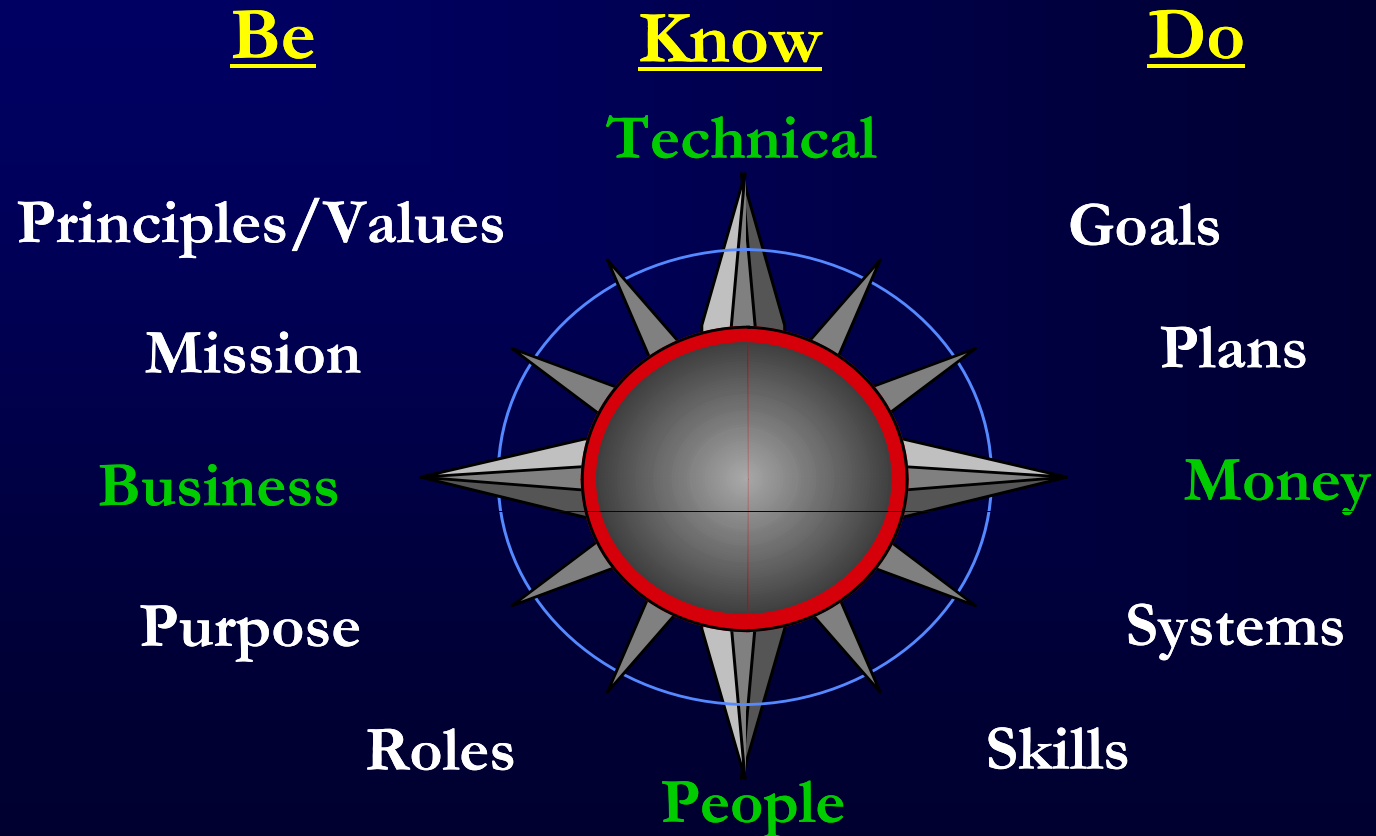
What We Know and Can Apply

### Doing

What We Are Capable of Doing



## The 12 Competencies of Business Development





## Two Types of Revenue Generators

Strategic Growth

Business  
Development  
“Hunter”



Organic Growth

Business  
Development  
“Farmer”





## The Process and Skill Side of BD

(OI&Q)<sup>HI</sup>

- What is a Opportunity, Identification & Qualification process based on Human Intel
- Where and how does (OI&Q)<sup>HI</sup> fit into your overall BD process?
- The Process, Skills, Thinking & Discipline of early (OI&Q)<sup>HI</sup>



Thank You for the Opportunity  
to Speak to you Today

We Look forward to seeing you at the next  
Executive Training Workshop  
August 4-5, 2009  
Annapolis, MD

# Make it happen

- Mission and the customer are always first and the Navy wants to do business with contractors that recognize that.
- The Navy recognizes the value of innovation that small businesses brings to the mission.
- Know the activity before you market them
- Know the potential customers at the activity
- Find the activities Small Business Specialist
- Obtain the activities procurement projections
- Identify large prime contractors who are not competitors but potential mentors and collaborators on future Govt requirements.

# WHY IS NAVY IMPORTANT

- 70% OF THE WORLD IS COVERED WITH WATER
- 80% OF THE WORLDS POPULATION LIVES WITHIN 100 MILES OF THE OCEAN
- 90% OF COMMERCE TRAVELS ON WATER

# NUWCDIVNPT

- 2008
  - OBLIGATIONS \$ 350 Million
    - SMALL BUSINESS 50 %
    - SMALL DISADVANTAGED 8%
    - HUBZone .88 %
    - WOSB 9.13 %
    - SDVOSB 1.35 %



# What we buy

- ENGINEERING SERVICES
  - TECHNICAL SUPPORT

# HOW WE BUY IT

- Multiple Award Contract (MAC)
  - SEAPORT-E
    - ROLLING ADMISSIONS (NOW)

# SUBCONTRACTING OPPORTUNITIES

- REQUIREMENT SOLICITED ON AN UNRESTRICTED BASIS THAT IS EXPECTED TO EXCEED \$ 550 K MUST HAVE A SUBCONTRACTING PLAN THAT ADDRESSES THE UTILIZATION OF SMALL BUSINESS IN PERFORMANCE OF THE WORK

# Resources

- The activities Small Business Advocate is a paid resource of information to the Small Business Contractor.
- More information on doing business with the Navy and contact information for Small Business Specialists can be found at
- [http://www.acq.osd.mil/osbp/doing\\_business/index.htm](http://www.acq.osd.mil/osbp/doing_business/index.htm)
- <http://www.donhq.navy.mil/OSBP/>

# REGISTRATION

## Registration (CCR)

- [www.ccr.gov](http://www.ccr.gov)
- **Mandatory** for all current & potential federal vendors
- Creates a Commercial and Government Entity (CAGE) Code that identifies your business within the federal purchasing/ payment system





# REGISTRATION

- To register for CCR, you will need:
  - D&B DUNS Number: 1-800-333-0505
  - SBA Certification
    - For SDB and 8(a) Status: **[www.sba.gov/sdb](http://www.sba.gov/sdb)**
    - For HUBZone Status  
**<https://eweb1.sba.gov/hubzone/internet/>**
    - All other SB categories can self-certify
  - To renew annually by accessing your information with your TPIN & DUNS #



# Module 1: Key Qualifications for Small Business

- Sources of information and assistance:
  - The PTAC office in your state or region
  - The SBA – Small Business Development Centers
  - Small Business Liaison Officers (SBLO) at prime contractors
  - Small Business Specialists at Federal Agencies

### **Websites for Information**

SBA: [www.sba.gov](http://www.sba.gov)

DOD Office of Small Business

Utilization: [www.acq.osd.mil/sdbu](http://www.acq.osd.mil/sdbu)

FAR: [www.arnet.gov/far](http://www.arnet.gov/far)

Federal Register: [www.access.gpo.gov/su\\_docs/aces/aces140.html](http://www.access.gpo.gov/su_docs/aces/aces140.html)

National Association of Women Business

Owners(NAWBO): [www.nawbo.org](http://www.nawbo.org)

Womenbiz: [www.womenbiz.gov](http://www.womenbiz.gov)

**More Websites for information**

National Industries for the

Blind: [http://www.nib.org/about/about\\_NIB](http://www.nib.org/about/about_NIB).

U. S. Department of Transportation: <http://www.dot.gov/>

DOD Native American Incentive

Program: <http://www.acq.osd.mil/sadbu/iip/>

HBCU's/MI's: [http://www.edonline.com/cq/hbcu/c\\_state.htm](http://www.edonline.com/cq/hbcu/c_state.htm)

## **Agency WebSites**

<http://www.sba.gov/>

<http://www.ccr.gov>

<http://www.commerce.gov/>

[www.osdbu.nasa.gov](http://www.osdbu.nasa.gov)

<http://www.dodneregional.org>



# SMALL BUSINESS POC

- Dave Rego
  - 401-832-1766
  - David.rego@navy.mil



# Competition Management Overview for NDIA Small Business Conference Newport, RI



1 – 3 June 2009



Presented by: Mr. Shelley Muhammad  
Competition Advocate  
Competition Management Office (CMO)

***COMPETITION & READINESS***



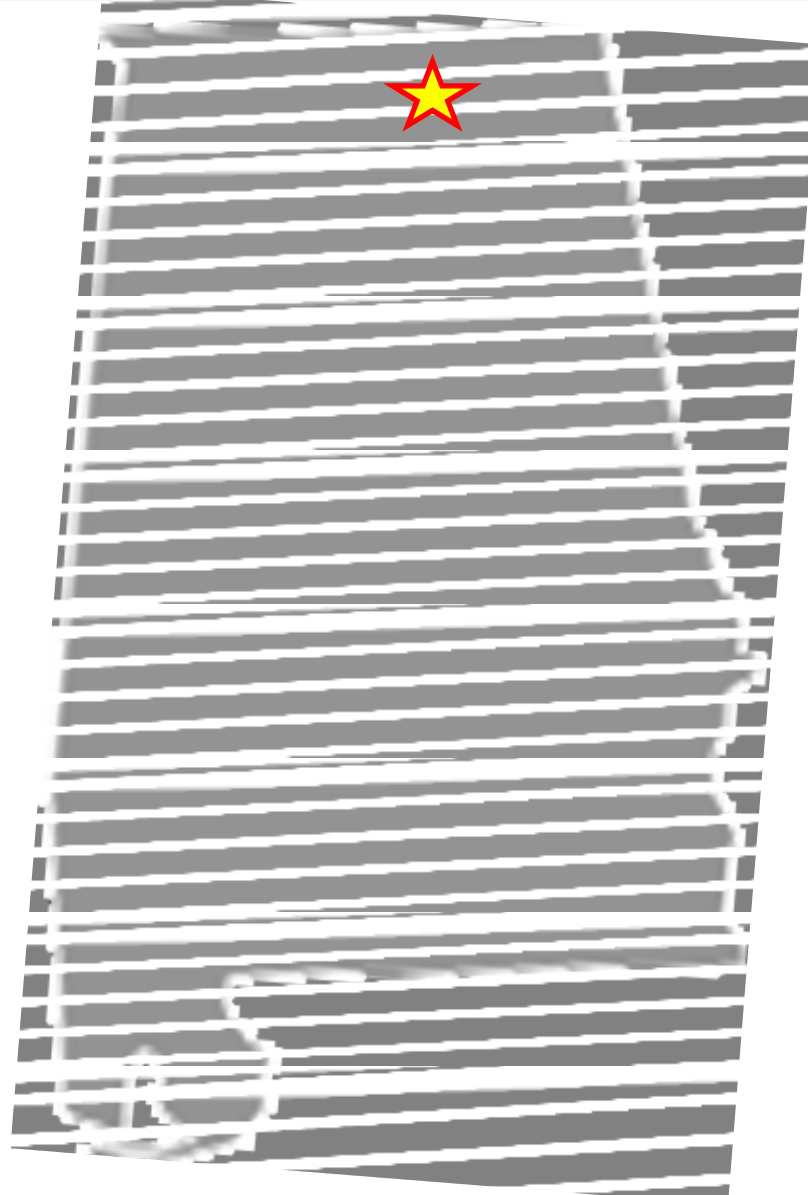
# Topics



- CMO Mission
- CMO Origin/Authority
- Functions
- Organization – Who We Are
- Duties/Responsibilities IAW FAR
- What We Do? More Than J&A Reviews
- Competition Statistics
- Acquisition Documents Reviewed
- J&A Approval Levels
- Exceptions to Full & Open Competition
- CMO Home Page
- Competition Advocate's Shopping List (CASL)
- Standard Aviation & Missile Source Approval Request (SAMSAR)
- Commercial Acquisitions
- Reading Room
- Summary
- Where To Find Us



# Redstone Arsenal Location





# AMCOM

**U.S. Army Aviation & Missile Life Cycle Management Command**



## Mission:

Provide and Sustain World-class Aviation and Missile Systems to the Joint Warfighter Supporting National Security and Defense Strategies.

## What We Do:

- Develop, Acquire, Field and Sustain Aviation, Missile and Unmanned Vehicle Systems
- Provide Worldwide Onsite Tech Assistance
- Maintain Airworthiness and Safety of Use of Supported Systems
- Maintain Army Metrology Program and Provide World-wide Army Test Measurement & Diagnostic Equipment (TMDE) Calibration and Repair Support
- Provide Contracting for AMCOM, 8 PEO's and Multiple Agencies

Total Workforce :  
>9K (Includes Military)

## What We Manage:

- 2 Depots – Shingo Awards (05-07) and Sec Army Environmental (07)
- Aviation Center Logistics Command at Ft. Rucker
- AMCOM Fleet Management Centers (AFMC) at Ft. Bliss and Ft. Sill
- Aviation and Missile Reset
- Army Metrology and TMDE Calibration and Repair Programs
- Aviation and Missile Foreign Military Sales and Security Assistance





# PEO Aviation

- Apache Attack Helicopter
  - AH64 Apache
- Armed Scout Helicopter
  - OH-58D Kiowa Warrior
- Cargo Helicopter
  - CH47 Chinook
- Utility Helicopter
  - UH60 Black Hawk
- Aviation Systems
  - Aviation Mission Equip, Fixed Wing Aircraft, Air Traffic Control Systems
- Unmanned Aircraft Systems
  - Hunter, Shadow, Raven





# PEO Missiles and Space

- Close Combat Weapon Systems
  - Tow, Javelin
- Joint Attack Munitions Systems
  - Hellfire, Joint Common Missile
- Lower Tier Project Office
  - Patriot
- Cruise Missile Defense Systems
  - Avenger, Stinger, Sentinel
- Non-Line of Sight Launch Sys
- Precision Fire Rockets & Msl Sys
  - ATACMS-BAT, MLRS
- Integrated Air & Missile Defense







# AMRDEC



- Rapidly transitions technologies to the Joint Warfighter
- Performs system engineering and integration for PEOs/PMs
- Develops technologies for aviation, missile, and unmanned systems
- Provides technical support for platforms and weapons systems throughout their lifecycle
- Ensures the Government is a “smart buyer” and has “smart vendors”





# AMCOM ELEMENTS

- AATD (Aviation Applied Tech Dir)
- CCAD (Corpus Christi Army Depot)
- Fort Rucker
- Garrison (Lab & Base)
- LEAD (Letterkenny Army Depot)
- RDEC (Research, Dev & Engr Ctr)
- SAMD (Security Assist Mgmt Dir)





# OTHER ACTIVITIES

- LAISO (Lead AMC Integ Spt Ofc)
- LOGSA (Logistics Support Activity)
- PEO C3T (C-RAM & TOC Prod Ofc)
- PEO IEW&S (Aircraft Surviv Equip)
- PEO Soldier (Air Warrior)
- RTTC (Redstone Tech Test Ctr)
- Targets
- TMDE (Test, Measure & Diag Equip)
- UGV (Unmanned Ground Vehicle)







# AMCOM Organization Chart



## Aviation and Missile Command "A Life Cycle Management Command"

### Phone Directory

**COMMANDER**  
MG JAMES R. MYLES 876-2101  
Carolyn Cardillo, Executive Assistant 876-2101  
CPT Pole Schmitt, Aide de Camp 876-2102  
Unclassified Fax 876-1086

Commercial = DSN  
876-740  
313-897  
842-738  
955-645  
895-738  
Help Desk  
876-2291

**COMMAND SERGEANT MAJOR (CSM)**  
CSM Ricky P. Yates 876-1874  
Sheila McCrory-Cutcher, Mgmt Assistant 876-1874

**DEPUTY TO THE COMMANDER**  
**MR RONNIE CHRONISTER 842-8888**  
Elen Mahoney, Mgt Asst 842-8888  
Det McInerney-Baugh, XO 842-8888  
**Integrated Materiel Mgmt Ctr (IMMC)**  
Tom Ingers, Acting Director 876-3108  
Alisa McBride, Sec 876-3108  
William F. Andrews, Deputy 876-3108  
Lisa Brown, Sec 876-3108  
**Maintenance Directorate**  
Vacant 876-6265  
**Material & Supply Chain Mgt Dir**  
Autro Whitman 876-6935  
**Readiness Directorate**  
Chris Oleye 876-9819  
**Business Management Office**  
Jim Wasson 876-8007  
**Associate Dir for AVN - Logistics**  
Todd Stokes 313-1641  
**Associate Dir for Logistics - MIS**  
Vacant 313-3489  
**Associate Dir Prog Mgmt Support**  
Michael Hartwell 876-2392  
**Accults/Non Center**  
Ms. L. Marlene Cruze 876-7181  
Shirley Webb, Sec 876-7181  
COL Scott Campbell 842-8085  
Sharon Miller, Sec 842-8085  
**Security Assistance Mgt Dir (SAMD)**  
Dr Thomas Pizlof, Dir 313-8905  
Joy Branch, Sec 313-8907  
Dan Parker, Dep 313-8907  
Vacant, Sec 313-8907  
**G-3 Operations & Plans**  
Mr Gary Nemmiger, Dir 876-1457  
Michaela Hunter, Sec 876-1457  
Lisha Adams, Deputy 876-1457  
Vacant, Sec 876-1457  
Chris Smith, Dir: CSM 842-3009  
**Ops Aviation Resett (PM Resett)**  
COL Al Evans, Dir 955-0810  
Emmitt Rodriguez, Dep 876-5915  
Porima Luke, Sec 955-0833  
**LCMC Chief Financial Office**  
Barbara Hobert 313-0005  
**AMCOM Operations Center (AOC)**  
COL William Manero 876-9599  
AOC Duty Office 313-2095  
AOC (Tol Free) 1-866-462-8285  
**Command Initiatives Group**  
Angie Kelmier 876-2023

**CHIEF OF STAFF**  
COL Thomas J. Newman 876-1129  
Cassie Young, Mgt Assistant 876-1129  
C. Shawn Weber, XO 876-2125  
**G-1 Human Resource Mgmt**  
Tim Gray, Director 876-7217  
Audrey Peterson 842-0107  
Lon Reynolds, Deputy 876-8089  
Erika Barnes, Budget Clerk 876-8747  
**G-2 Intelligence & Security**  
Keith Ryan, Director 876-2535  
Doug Lee, Deputy 876-3745  
Jeanette Elberbrock, Sec 876-2636  
**G-4 Logistics**  
Dr David Brannan, Director 876-5990  
Elise C. McWilliams, Sec 876-4515  
Rick Marks, Bldg Mgmt 876-2029  
Angie Foutch, Admin Spcl Spec 876-8736  
**G-6 Information Mgmt**  
Vacant, Laurie Hill 876-2425  
Briant Taylor, Deputy 955-0353  
Debi Black, Sec 876-3814  
**G-8 Resource Mgmt**  
Bill McWilliams, Director 876-5361  
Mark Stanley, Deputy 876-1810  
Becky Clinton, Sec 876-2910  
**SAFETY**  
Pat Vittroz, Dir 876-2944  
Cristen Kurtz, Sec 876-2044

### FOX ARMY HEALTH CENTER

COL Mark Smith, Cmdr 876-4147

### SPARKMAN MANAGEMENT OFFICE

Rick Marks 876-2029

### LETTERKENNY ARMY DEPOT & EAD

COL STEVEN A. SHAPIRO, Commander 717-267-6300  
Karen Wilson, Sec 717-267-9350  
Unclassified Fax 717-267-9724  
Dr. John Gray 717-267-9356  
Deputy Commander:  
Mark Sheffield, Chief of Staff 717-267-8084  
SOM Curtis B. Green 717-267-6301  
Det Sergeant Major  
DSN 570

**DEPUTY COMMANDING GENERAL FOR MISSILES AND SPACE**  
**PEO MS**  
BG GENARO DELLAROCOCO, PEO 876-4714  
Bonnie Coleman, Exec Assistant 876-4714  
MAJ Bruce Ellis, XO 876-4715  
Steve Corneille, Deputy PEO 876-4871  
Kathy Knapowski, Sec 876-4871  
Barry Pike, Chief of Staff 313-4067  
Beverly Futer, APEO Bus Mgt 876-2875  
Natalie De Luca, APEO IM/IA 876-5010  
VACANT, APEO Logistics 313-3486  
Frank De Luca, APEO Futures 855-6768  
Robin Campbell, APEO Operations 313-3412  
Susan Bradshaw, Security Mgt 876-2322  
Dr. Leigh Moore, APEO Int Prog 842-6357  
**PM Close Combat Weapon Sys (CCWS)**  
COL Michael Steves, PM 876-4728  
Jon Lower, Dep PM 876-5165  
**PM Joint Attack Munitions Sys (JAMS)**  
COL Mike Camar, PM 876-1141  
William Rute, Dep PM 876-1141  
**PM Lower Tier Project Dir (LTPD)**  
Eric Edwards, PM 955-3240  
Stan Steward, Dep PM 955-3242  
**PM Cruise Missile Defense Sys (CMDS)**  
COL Edward Mullin, PM 876-4927  
Michael Ben, Dep PM 876-4193  
**PM Non Line of Sight Launch Sys (NLOSLS)**  
COL Douglas A. Dever, PM 955-0190  
Bill Biedrich, Dep PM 842-0794  
**PM Precision Fire Rockets & Missile Sys (PFMS)**  
COL Dave Rice, PM 876-1195  
John Rowe, Dep PM 876-6121  
**PM Army Integrated Air & Missile Defense (AIAMD)**  
Robert Thomas, PM 313-5576  
Mike Ashord, Dep PM 313-3401  
Joint Tactical Ground Station (JTGS)  
Gill Brandt, Director 313-8205

### CORPUS CHRISTI ARMY DEPOT (CCAD)

COL JOE DUNAWAY, 361-961-3771  
Commander  
Patricia Valdez, Sec 361-961-3771  
Pat Oler, Deputy Commander 361-961-3772  
Larry Jobe, Chief of Staff 361-961-3586  
Unclassified Fax 361-961-3039  
SGM Charles Beckman 361-961-6745  
Depot Sergeant Major  
DSN 891

**DEPUTY TO THE COMMANDER FOR AVIATION**  
**PEO AVN**  
MR PAUL BOGOSIAN, PEO 313-4060  
Linda Coagray, Exec Assistant 313-4064  
BG Tim Croxy, Deputy PEO 313-4061  
Karen Pannell, Exec Assistant 313-4063  
MAJ Mike Rukowski, XO 313-4062  
Rusty Weiger, APEO Ops 313-4067  
Vacant APEO Log 313-1840  
John Mul, APEO Bus Mgmt 842-7084  
Layne Merritt, APEO Sys Eng 313-4076  
Rob Loney, APEO Life Cycle Mgmt 313-4957  
Jon Evans, Log Sup Facility 313-0745  
Dave Sarabyn, Security Mgt 313-4069  
Nanisha Jeffers, Admin Offr 313-4160  
**PM Cargo (CH-47 Chinook)**  
COL Newman Shuffelbarger, PM 318-4252  
Ray Sellers, Dep PM 313-3398  
**PM Utility (UH-60 Blackhawk / LUH)**  
COL Neil Thurgood, PM 855-8639  
Keith Robinson, Dep PM 955-8639  
LTC James Brasher, LUH PM 313-2514  
Matt Rainey, Dep LUH PM 313-2214  
**PM Apache (AH-64)**  
COL Derek Paquette, PM 313-4209  
Richard Drway, Dep PM 313-4201  
**PM Armed Scout Helicopter (ASH)**  
COL Keith Robinson, PM 313-0846  
Mike Herst, Dep PM 313-0841  
LTC Barry Higgs, PM AH-64 313-4440  
Mark Caskey, Dep PM AFH 842-1104  
**PM Unmanned Aerial Vehicle (UAS)**  
COL Donald Hazelwood, PM 313-5327  
Timothy Owings, Dep PM 313-5342  
**PM Aviation Systems**  
COL Michele Yarbrough, PM 313-3740  
Timothy Owings, Dep PM 313-5342

**Regimental Aviation Maintenance Officer (RAMO)**  
CW5 Tom Sonens 876-8464

**Regimental Safety Officer**  
CW3 Fred Burdy 313-5701

**Equal Opportunity**  
SFC Monique Maxon 876-8848

**SPECIAL & PERSONAL STAFF**  
**Secretary of the General Staff (SGS)**  
Linda Readus, (SGS) 876-1127  
Debra Toomer 876-3133  
Shirley Turpin 876-6026  
**Command Mgmt Support & Protocol**  
Shirley Feltmeyer 842-0044  
Liz Blackman Protocol Asst 876-7135  
**Equal Employment Office (EEO)**  
Bobby Coney 955-7040  
**Inspector General (IG)**  
LTC Scott Bodine 876-9701  
Larry Johnson 876-9701  
**Internal Review & Audit**  
Keith Jones 313-1769  
**Ombudsman**  
Randy Richardson 876-8650  
Cavetyne McCaulley, Spst Asst 876-6529  
**Competition Advocate**  
Shirley Muhammad 876-2485  
**Legal Office**  
Fred Allen, Chief Counsel 876-3405  
Myra Chastain, SEC 876-5107  
COL Nat Cuspy 876-3405  
Staff Judge Advocate 876-7153  
Kelly McMillin  
LTC Meg Foreman  
Deputy Staff Judge Advocate 876-9017  
**Public & Congressional Affairs**  
Singer Stephens, Dir 876-4161  
Jira Frye, Dep 955-0173  
Barbara Cummings, Sec 876-4161  
David Seitz 876-5441  
Sara Wherry, Sec 876-5441  
Ofc of Continuous Improvement 876-5441  
Brian Wood, Dir 876-5402  
Carol Edwards, Sec 876-5418  
**Historical Office**  
Michael Baker 842-0564

### AVIATION CENTER LOGISTICS COMMAND

**ACLC FLIGHT RECKER**  
COL Alan N. Stull, Commander 334-255-3117  
Kimberly Clark, Sec 334-255-0354  
Robert P. Hill, Deputy to the Commander 334-255-0774  
Elaine Tice, Chief of Staff 334-255-0184  
Unclassified Fax 334-255-3112  
DSN 558

**OTHER ORGANIZATIONS**  
**Logistics Support Activity (LOGSA)**  
COL James Renitt 855-0501  
Geoffrey Embrey 855-0503  
Richard Manley, CoS 855-0504  
Diane Claxton, Sec 855-0501  
**US Army Garrison - Redstone**  
**Aviation & Missile Research, Dev & Eng Ctr (AMRDEC)**  
Dr. William McCorkle 876-3322  
COL John Wright 876-3362  
Aphadale McRae, Sec 876-3322  
**US Army Garrison - Redstone**  
Commander 876-8881  
Wendy Mitchell, Sec 876-8861/8862  
Curtis Clark, Deputy to the Garrison Commander 876-8883  
Deborah Plunkett, Sec 876-8863/8884  
CSM Ricky L. Cooper 876-8884  
Garrison CSM 876-5331  
Sarah Brazzel, Garrison Protocol 313-0546  
**Lead AMC Integration Support Ofc (AISIO)**  
Daniel R. Rhodes, Director 855-8717  
Vacant, Sec 955-8888  
Kathleen Werhe, Dep Dir 855-8712  
Joanna Southerland, Sec 842-9935

### FORT EUSTIS

Mr. John Shigley 757-878-2000  
COL Kihara 757-878-2236

### THEATER AVIATION MAINTENANCE CENTER - BALAD

**(FORMERLY KNOWN AS TASM)**  
IPAD LTC Brock Gaston 732-532-3986  
Ext 7844

### US ARMY TEST, MEASUREMENT & DIAGNOSTICS EQUIP ACTIVITY

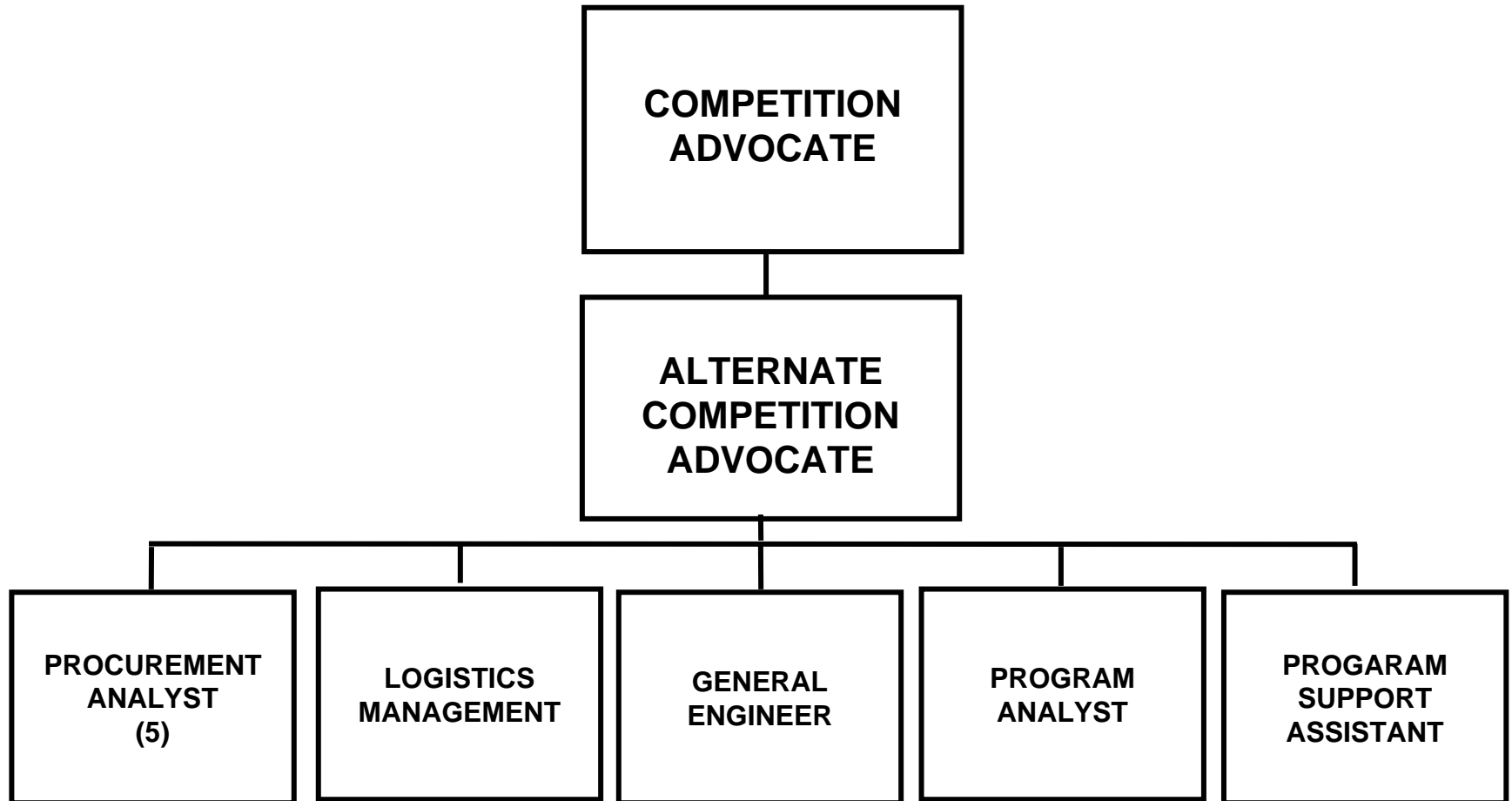
**(USATA CR TMD)**  
Richard E. Turner, Director 876-1134  
Judy Frank, Sec 876-1134  
Ron King, Deputy 876-1133  
Katie Smith, Sec 876-1133

### AMCOM LMP INTEGRATOR

Cathy Dickens 876-2888  
Chris Swart, XO 876-8150



# Organization – Who We Are





***‘Without Competition, You May as Well Be Burning Money’***





# Competition Definition

*Competition is the effort of two or more parties acting independently to secure the business of a third party by offering the most favorable terms.*



# CMO Mission



To unite with Team Redstone to promote full and open competition, oversee the Commercial and Non-Developmental Item (NDI) Program and expand AMCOM's industrial base to develop, acquire, field and sustain aviation and missile systems' technological superiority on and off the battlefield.





# CMO Mission

*(Continued)*



- Promote Full and Open Competition by Eliminating:
  - Unnecessary Specifications/Drawings
  - Restrictive Need Statements/Provisions
- Challenge/Reduce Barriers or Obstacles
- Use Performance Specifications when Feasible
- Obtain Quality Products, Systems, Services on Schedule, at Fair and Reasonable Prices
- Acquire NDI/Commercial Items



# Authority



- **Public Law 98-369: Competition in Contracting Act (CICA), 1984** ... Each MSC shall have an Advocate for Competition responsible for challenging barriers and promoting full and open competition while challenging specifications and restrictive need statements.
- **Public Law 103-355: Federal Acquisition Streamlining Act (FASA), 1994** ... Advocates for Competition ...shall promote the acquisition of commercial items ... and challenge burdensome contract clauses.
- **Public Law 104-106: Federal Acquisition Reform Act (FARA), 1996** ... shall ensure that the requirement to obtain full and open competition is implemented in a manner that is consistent with the need to efficiently fulfill the Government's requirements.



# Competition Advocate Role IAW AFARS Subpart 5106.5



## Subpart 5106.5 -- Competition Advocates

### ***5106.501 -- Requirement.***

- The Assistant Secretary of the Army (Acquisition, Logistics and Technology) (ASA(ALT)) appoints the Army Competition Advocate General.
- The Deputy Assistant Secretary of the Army for Policy and Procurement (SAAL-ZP) is the Army Competition Advocate General (ACAG).
- The ACAG has delegated to HCAs the authority to appoint the Special Competition Advocates (SCAs) at Army procuring activities and their alternates.



# Competition Advocate Duties

## AFARS Subpart 5106.502



### **5106.502 -- Duties and responsibilities.**

- (b) (2) Special competition advocates must report to the Army Competition Advocate General (ref. 5101.290(b) (3)), no later than November 15 of each year, the following information:
- (A) The level of competition achieved against their goal for the fiscal year and reasons for not attaining the goal.
  - (B) Significant actions taken to increase competition or overcome barriers to competition, number of new sources identified as a result of market research, notable savings or performance/quality enhancements resulting from competition, and employees recognized for initiatives to enhance competition.
  - (C) Mitigating factors affecting goal achievement. (D) A plan for competition in the coming fiscal year.
  - (E) Any other activities and accomplishments.
  - (F) Their competition goal for the coming fiscal year.



# Responsibilities IAW FAR

According to **FAR 6.502(a)**, Agency and procuring activity **competition advocates are responsible for promoting the acquisition of commercial items, promoting full and open competition, challenging requirements** that are not stated in terms of functions to be performed, performance required or essential physical characteristics, and challenging barriers to the acquisition of commercial items and full and open competition such as **unnecessarily restrictive statements of work, unnecessarily detailed specifications, and unnecessarily burdensome contract clauses.**





## What is a Justification and Approval?



- A Contracting Officer shall not commence negotiations for a sole source contract, or award any contract without providing for full and open competition
- Each justification shall contain sufficient facts and rationale to justify the use of the specific authority cited.



# J&A Approval Levels

- \$550,000 and Below Contracting Officer Certification (CO)
- \$550,001 - \$11,500,00 Competition Advocate or Alternate
- \$11,500,001 - \$78,500,000 Principal Assistant Responsible for Contracting or Deputy to the Commanding General (CG)
- \$78,500,001 and Above Department of Army (DA)

(Effective 28 Sep 06)



# FAR Part 6 – Exceptions to Full & Open Competition

- 6.302-1 Only one responsible source, or a limited number of responsible sources
- 6.302-2 Unusual and compelling urgency
- 6-302-3 Industrial mobilization; engineering, developmental, or research capability; or expert services
- 6.302-4 International agreement
- 6.302-5 Authorized or required by statute
- 6.302-6 National security
- 6.302-7 Public interest



# AMCOM

## ACQUISITION DOCUMENTS REVIEWED

*Turn-Around Goal is 2 days*

	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u> (As of 2nd Qtr 09)
J&A \$ Breakout:									
\$550K - \$11.5M	554	389	491	559	523	416	343	329	179
\$11.5M - \$78.5M	110	80	97	107	129	97	97	99	62
\$78.5M & Over	<u>12</u>	<u>22</u>	<u>26</u>	<u>16</u>	<u>32</u>	<u>12</u>	<u>28</u>	<u>31</u>	<u>5</u>
<b>TOTAL J&amp;A's</b>	<b>676</b>	<b>491</b>	<b>614</b>	<b>682</b>	<b>684</b>	<b>525</b>	<b>468</b>	<b>459</b>	<b>246</b>

(Of the 459 J&A's: 418 Auth 1 -- 37 Auth 2 -- 3 Auth 3 -- 1 Auth 6)

AP's	38	41	45	54	69	41	48	45	34
MDD's	28	36	45	47	29	17	0	0	0
Commercial Waiver's	0	1457	2614	2430	2591	1669	1198	1162	535
Other Document's	191	267	98	164	158	138	154	155	124
Re-Work's	<u>104</u>	<u>95</u>	<u>90</u>	<u>165</u>	<u>143</u>	<u>150</u>	<u>144</u>	<u>207</u>	<u>143</u>
<b>TOTAL Other</b>	<b>361</b>	<b>1896</b>	<b>2892</b>	<b>2860</b>	<b>2990</b>	<b>1915</b>	<b>1544</b>	<b>1569</b>	<b>836</b>

<b>TOTAL REVIEWED</b>	<b>1037</b>	<b>2387</b>	<b>3506</b>	<b>3542</b>	<b>3674</b>	<b>2440</b>	<b>2012</b>	<b>2028</b>	<b>1082</b>
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Note: \$10M - \$50M and \$50M & Over applies to FY 00 - FY 04 / \$10M - \$75M and \$75M & Over applies to FY 05 and FY 06

\$550K - \$11.5M, \$11.5M - \$78.5M & Over \$78.5M applies to FY 07 and beyond



# Competition Statistics

<u>FY</u>	<u>GOAL %</u>	<u>ACTUAL %</u>	<u>COMPETITIVE OBLIGATIONS</u>	<u>NON-COMP OBLIGATIONS</u>	<u>TOTAL OBLIGATIONS</u>
99	20.6%	25.1%	\$ 1,194.3	\$ 3,564.6	\$ 4,758.9
00	19.0%	21.6%	\$ 1,221.8	\$ 4,433.4	\$ 5,655.2
01	17.9%	22.0%	\$ 1,278.9	\$ 4,543.3	\$ 5,822.2
02	18.0%	19.5%	\$ 1,351.0	\$ 5,561.5	\$ 6,912.5
03	14.4%	18.9%	\$ 1,695.6	\$ 7,285.3	\$ 8,980.9
04	15.2%	19.7%	\$ 2,118.3	\$ 8,647.0	\$ 10,765.3
05	17.3%	24.8%	\$ 2,670.0	\$ 8,076.9	\$ 10,746.9
06	19.4%	24.4%	\$ 2,627.1	\$ 8,161.1	\$ 10,788.2
07	19.2%	30.3%	\$ 3,041.7	\$ 6,993.9	\$ 10,035.6
08	19.5%	24.0%	\$ 4,660.6	\$ 14,732.4	\$ 19,393.0
<b>09</b>	<b>19.0%</b>	<b>24.9%</b>	<b>\$ 2,546.8</b>	<b>\$ 7,693.2</b>	<b>\$ 10,240.0</b>

(As of 2<sup>nd</sup> Qtr FY 09)

NOTE: FY 98 - FY 06 exclude FMS, OGA and Other Congressionally Directed Buys (Authorized by Statue, Source Directed FMS, Resale, Utilities, etc. --

These actions contain an Extent Competed Code = B (Not Available for Competition). These statistics were extracted from the DD-350 database.

FY 07 only excludes Other Congressionally Directed Buys as stated above. These statistics were extracted from the ACBIS database.

FY 08 and beyond has no exclusions. These statistics were extracted from the ACBIS database.





# Functions



**ACQUISITION PLANS**

**JUSTIFICATION &  
CERTIFICATION**

**JUSTIFICATION &  
APPROVAL**

**COMPETITION ADVOCATE**

**COMMERCIAL ITEM  
ADVOCATE**

**MARKET  
RESEARCH**

**ACQUISITION STRATEGY**

**REPORTING  
STATISTICS**

**CASL**

**COMPONENT  
BREAKOUT**

**COMMAND  
GROUP ADVISOR**

**POLICY**

**COMPLIANCE**

**REVERSE ENGINEERING**

**BEST VALUE**

**SPARE PARTS  
MANAGER**

**BUDGET**

**READING ROOM**

**PRICE CHALLENGE**

**READINESS &  
SUPPORTABILITY**

**SAMSAR/SOURCE  
DEVELOPMENT**

**ICAAP**



# We Do More Than J&A Reviews



## ➤ Review Acquisition Documents:

- Acquisition Strategies
- Justification and Approvals (J&A)
- Technical Justifications and Certifications
- Market Research Reports/Commerciality Determinations (MRR/CD)
- Commerciality Determination and Certification (CDAC) System

## ➤ Other Competition Functions/Incentives:

### **Competition Advocate Shopping List (CASL)**

- Commercial Item Advocate

### **Component Breakout/Source Development - Standard Aviation & Missile Source Approval Request (SAMSAR)**

- Reading Room
- Spare Parts Manager
- Readiness & Supportability
- Reverse Engineering**
- Reporting Competition and Commerciality Statistics



# Why Buy Commercial?

- **It is the law:**
  - Public Law 103-355
  - 1994 Federal Acquisition Streamlining Act
- **Federal Acquisition Regulation (FAR) 12.101:**
  - (a) Conduct market research to determine whether commercial items or non-developmental items are available that could meet the agency's requirements.
  - (b) Acquire commercial items or non-developmental items when they are available to meet the needs of the agency.



# AMCOM

## COMMERCIAL ACQUISITION METRICS

	TOTAL ACTIONS		COMMERCIAL ACTIONS	
	<u>NUMBER</u>	<u>DOLLARS</u>	<u>NUMBER (%)</u>	<u>DOLLARS</u>
FY 98	4,860	\$5,202.0M	183 (3.8%)	\$32.0M
FY 99	5,283	\$5,711.0M	257 (4.9%)	\$68.0M
FY 00	5,502	\$6,452.0M	295 (5.4%)	\$159.4M
FY 01	6,004	\$7,354.4M	350 (5.8%)	\$222.9M
FY 02	6,033	\$8,632.6M	412 (6.8%)	\$280.3M
FY 03	7,228	\$7,286.3M	911 (12.6%)	\$285.3M
FY 04	13,076	\$12,225.4M	2,169 (16.6%)	\$604.0M
FY 05	15,054	\$11,909.6M	3,173 (21.1%)	\$931.2M
FY 06	11,751	\$11,941.3M	3,138 (26.7%)	\$1,439.8M
FY 07	21,160	\$13,513.5M	7,118 (33.6%)	\$1,596.0M
FY 08	20,098	\$18,662.4M	5,866 (29.2%)	\$1,673.0M
<b>FY 09</b>	<b>6,822</b>	<b>\$10,391.3M</b>	<b>1,344 (19.7%)</b>	<b>\$778.1M</b>

(As of 2<sup>nd</sup> Qtr FY 09)

NOTE: \* FY 98 - FY 06 extracted from the DD-350 database

\* Total Actions where C14 = N or Y and Competitive Actions where C14 = Y

\*\* FY 07 and beyond extracted from ACBIS database

\*\* Total Actions where commercial procedures = A,B,C,D and Competitive Actions = A,B



# Competition Management Office Home Page




Competition Management Office - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Reload Home Search Favorites

Address [http://www.redstone.army.mil/cgi-bin/cmo\\_main/index.pl](http://www.redstone.army.mil/cgi-bin/cmo_main/index.pl) Go Links

Google Go Bookmarks Popups okay Check AutoLink AutoFill Send to Settings



## AMCOM's Competition Management Office - CMO

Home Help CMO Staff CMO Analyst Review (xls) Email the CMO HQ AMC (E)

- CASL
- Consumable Items Transferred to DLA
- General Information
- SAMSAR
- Reading Room
- Competition Statistics
- Unsolicited Proposals
- CMO Overview
- "Good News" Stories
- J&A Documentation
- Commercial Items/NDI
- Waiver of FAR Part 12 (MRR/CD)
- Training Presentation
- Frequently Asked Questions
- Search

### Welcome to the Competition Management Office

Our Mission is to exercise full line authority for the implementation and intensive management of a comprehensive competition program and responsive cost-effective spare parts acquisition program; to provide surveillance over the Command Competition Program and the Command Spare Parts Acquisition Program throughout all phases of the life cycle of aviation and missile systems and equipment to reduce cost while maintaining a balanced program; to maintain oversight of the Commercial/Non-Developmental Item (NDI) Program; and to accomplish the stated objectives of the Aviation and Missile Command (AMCOM) Life Cycle Management Command (LCMC), Program Executive Offices (PEOs), Other Commands, Activities and Organizations.

Site Last Updated: April 10, 2008 | Date of Last Review: August 1, 2007

[Site Purpose](#) | [Site Map](#) | [FOIA Notice\(E\)](#) | [AMCOM\(E\)](#) | [Adobe Reader\(E\)](#)  
[Accessibility Information Notice](#) | [Privacy and Security Notice](#)

Legend: E = External Site, R = Restricted Access

Internet





# CASL – Competition Advocate's Shopping List



## ➤ What is CASL?

An automated, internet-based system for Aviation and Missile upcoming procurements covering up to 5 out-years in the areas of:

- Spare/Repair Parts – Updated Quarterly

- Maintenance & Overhaul – Updated Quarterly

- Major Items/Services – Updated on an As-Needed Basis

- Critical Safety Items (CSI) – Updated Nightly

- Spiral Bevel Gears – Updated Annually

## ➤ Benefits:

- Single Point of Entry for Contracting Community to view AMCOM's Projected Requirements

- Useful tool for 1<sup>st</sup> tier suppliers down

- Serves as a Market Research Technique for the Contracting Community

- Serves as the Source for Developing AMCOM's Annual Competition Plan and Small Business Plan



# Competition Advocate's Shopping List (CASL)


Competition Management Office - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Reload Home Search Favorites

Address [http://www.redstone.army.mil/cgi-bin/cmo\\_main/casl.pl](http://www.redstone.army.mil/cgi-bin/cmo_main/casl.pl) Go Links

Google G Go Bookmarks Popups okay Check AutoLink AutoFill Send to Settings



## AMCOM's Competition Management Office - CMO

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- Waiver of FAR Part 12 (MRR/CD)
- Training Presentation
- Frequently Asked Questions
- Search

### Competition Advocates Shopping List - (CASL) Aviation and Missile Projected Requirements

- Usage Instructions/Column Headings**  
**STOP** - Please read these instructions before proceeding to below projected listings in order to be successful in processing SAMSAR packages.  
[Read Instruction](#)(Document)
- Spare/Repair Parts Projections**  
[Aviation](#) [Missile](#)  
**NEW Feature** - You can now view the Top Drawing for those NSNs that are selectable (Dist. A or Dist. C)
- Maintenance & Overhaul (M&O) Projections**  
[Aviation](#) [Missile](#)
- Major Items/Services Projections \* Aviation & Missile**  
[Query All](#) \* Includes Corpus Christi Army Depot (CCAD) and Letterkenny Army Depot (LEAD)  
[Express Data Only](#) [EXPRESS Information](#)
- Critical Safety Items (CSI) List - Aviation Only**  
Projections shown in Spare/Repair Parts and/or M&O Listing above  
[HTML](#) [Raw Text](#)
- Spiral Bevel Gear List - Aviation Only**  
Projections shown in Spare/Repair Parts

Internet



# Competition Advocate's Shopping List (CASL)



Aviation Repair Parts Data - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Reload Home Search Favorites

Address http://trol.redstone.army.mil/cgi-bin/cmo/get\_spare\_repair\_data\_a.pl Go Links

Google Go Bookmarks 122 blocked Check AutoLink AutoFill Send to Settings

## Aviation Repair Parts Data

Updated Quarterly - Latest Run Date: March 2008

"No points of contact have been identified at this time for below projections - any questions may be addressed to this office".

Mouseover any link for a description of the item or use this link for a [complete listing of abbreviations](#)  
**Use the column header link to sort by the selected field.**

For NSNs listed below that are not selectable, you can either (1) contact the Competition Management Office via e-mail at [cmo@us.army.mil](mailto:cmo@us.army.mil) to visit our "Reading Room" to view this document or (2) go to the Technical Data Repository web site located at <http://www.edms.redstone.army.mil> to request a set of drawings for a specified cost.

[SEARCH HISTORICAL DATA](#)

Records returned : 2738

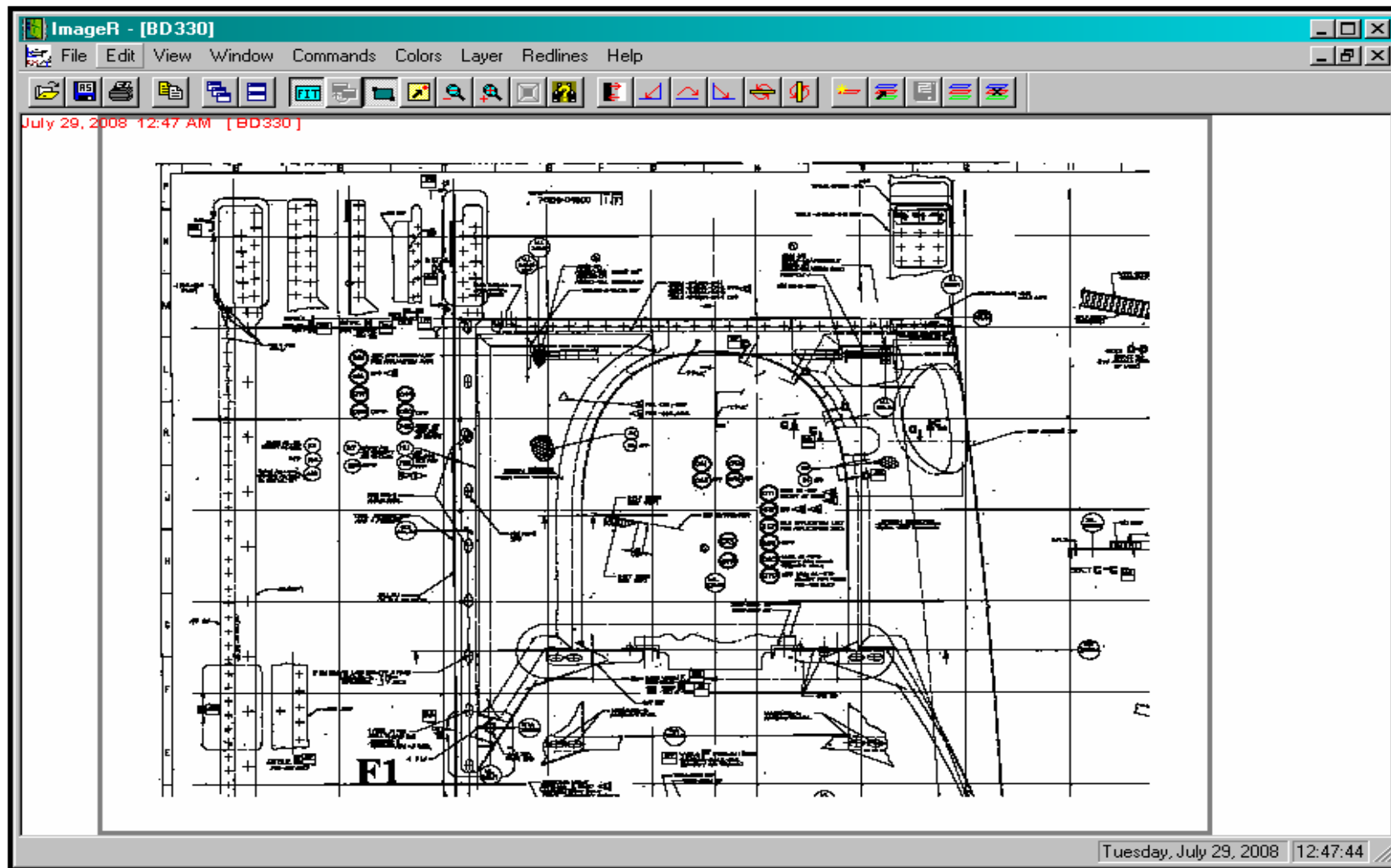
Print	<a href="#">WSC</a>	<a href="#">NSN</a>	<a href="#">APN</a>	<a href="#">NOUN</a>	<a href="#">MFG</a>	<a href="#">RCD</a>	<a href="#">C/F</a>	<a href="#">AMRC</a>	<a href="#">CSI</a>	<a href="#">FY08</a>	<a href="#">FY08QTY</a>	<a href="#">FY09</a>	<a href="#">FY09QTY</a>	<a href="#">FY10</a>	<a href="#">FY10QTY</a>
<input type="checkbox"/>	<a href="#">BK</a>	1560011922459	145S5022-1	POD ASSY,FUS	772	Manufacture The CAGE Code of the previous repair source of the part. A CAGE Code can be searched at <a href="http://www.dlis.dla.mil/CAGESearch">http://www.dlis.dla.mil/CAGESearch</a> .					0		0	\$38,570	2
<input type="checkbox"/>	<a href="#">BJ</a>	1560012058112	7-311113129-3	SUPPORT ASSE	8V6						7	\$4,280	5		0
<input type="checkbox"/>	<a href="#">BE</a>	<a href="#">1560012196816</a>	70215-02531-0	FAIRING ASSE	78286	<a href="#">Q</a>		<a href="#">3C</a>			0		0	\$57,228	19
<input type="checkbox"/>	<a href="#">BE</a>	<a href="#">1560012207220</a>	70219-04300-0	FAIRING,AIRC	78286	<a href="#">Q</a>		<a href="#">3C</a>	\$307,377		63	\$297,619	61		0
<input type="checkbox"/>	<a href="#">BJ</a>	1560012208051	7-311632232	SUPPORT,STRU	8V613	<a href="#">F</a>		<a href="#">1G</a>			0		0	\$15,528	24
<input type="checkbox"/>	<a href="#">BK</a>	1560012238858	414S2409-9005	FORMER	77272	<a href="#">Z</a>		<a href="#">3C</a>	\$867,614		22	\$591,555	15	\$157,748	4
<input type="checkbox"/>	<a href="#">BK</a>	1560012238860	114S3402-57	FORMER	77272	<a href="#">Z</a>		<a href="#">1G</a>			0	\$359,007	23		0
<input type="checkbox"/>	<a href="#">BE</a>	1560012311755	70214-02555-0	FLOOR,AIRCRA	78286	<a href="#">F</a>		<a href="#">1C</a>	\$626,601		57	\$219,860	20		0
<input type="checkbox"/>	<a href="#">BK</a>	1560012327776	145S2552-3	FLOOR,AIRCRA	81996	<a href="#">F</a>		<a href="#">1G</a>			0		0	\$95,634	23
<input type="checkbox"/>	<a href="#">BE</a>	1560012338332	70308-03801-1	PIPE,EXHAUST	78286	<a href="#">Z</a>		<a href="#">1B</a>	\$7,598,572		226	\$6,926,132	206	\$7,060,620	210

http://trol.redstone.army.mil/cgi-bin/cmo/get\_spare\_repair\_data\_a.pl?p\_column=MFG&p\_order=ASC&p\_history\_search=&p\_nsn\_search=&p

Internet



# "Top Drawing" Example





# **SAMSAR – Standard Aviation and Missile Source Approval Request**

## ➤ **What is SAMSAR?**

- An automated, internet-based system for Aviation and Missile SARs
- Electronic Submittal
- Concurrent Evaluations
- Electronic Tracking
- Secure Access for Customers

## ➤ **Benefits:**

- Simplified SAR process for suppliers of Aviation and Missile parts
- Designed to accommodate electronic, hardcopy or hybrid submissions
- Allows for tracking and more efficient processing of documents
- Concurrent access is provided where appropriate to speed the SAR process
- Metrics are available to determine opportunities for improvement





# Reading Room



## ➤ What Is It?

A dedicated room designed and configured to allow the viewing of Aviation and Missile top level drawings

Contractor Briefings and Demonstration

Training

## ➤ Who Can View?

Active contractors registered in the Central Contractor Register (CCR)

Any AMCOM Element or Team Redstone member

## ➤ What Is Required To View? (Protect Intellectual Property)

Use and Non-Disclosure Agreement (DFARS 227.7103-7)

Military Critical Technical Data Agreement (DD Form 2345) for export concerns or foreign customers

Registration for Scientific Information and Technical Information Services (DD Form 1540)



# Summary

- Ensuring timely delivery of quality products and services at a reasonable price
- Increasing the use of Commercial Technology
- Exceeding Competition Goals for 10 years in a row
- Providing Upcoming Business Opportunities to Industry
- Developing Simplified Qualification Processes for Aviation & Missile items



## *Where To Find Us*



- ON THE WEB: <http://www.redstone.army.mil/cmo>, or
- From the AMCOM homepage, select "c" from the subject index and go down to Competition Management Office, or
- In The Building: Redstone Arsenal, Sparkman Center, Building 5303, 1<sup>st</sup> Floor, Room 3135



# *Important Points of Contact*



- Acquisition Center's Public Website: <https://wwwproc.redstone.army.mil/acquisition/>
- Competition Advocate's Shopping List (CASL): [https://ams8.redstone.army.mil/casl\\_cmo/casldbacasl\\_cmo\\_casl](https://ams8.redstone.army.mil/casl_cmo/casldbacasl_cmo_casl)
- Standard Aviation & Missile Source Approval Request (SAMSAR):  
[https://ams8.redstone.army.mil/casl\\_cmo/casldbacasl\\_cmo\\_samsar](https://ams8.redstone.army.mil/casl_cmo/casldbacasl_cmo_samsar)
- Office of Small Business Programs: Mr. David Seitz, [david.seitz@us.army.mil](mailto:david.seitz@us.army.mil)  
U. S. Army Aviation and Missile Command  
ATTN: AMSAM-SB  
Redstone Arsenal, AL 35898-5000  
(256) 876-5441 / Fax (256) 842-0085  
<http://www.redstone.army.mil/osbp/>
- Manufacturing SAR: Angel Kirby, [angel.kirby@us.army.mil](mailto:angel.kirby@us.army.mil) cc: [AE-K-TTS@amrdec.army.mil](mailto:AE-K-TTS@amrdec.army.mil)  
U.S. Army Research, Development, and Engineering Command  
(RDMR-AEK, Ms. Angel Kirby)  
Redstone Arsenal, Alabama 35898-5000  
(256) 313-8993 / Fax (256) 313-3205
- Maintenance & Overhaul (M&O) SAR: William Alvarez, [william.alvarez1@us.army.mil](mailto:william.alvarez1@us.army.mil) cc: [AE-K-TTS@amrdec.army.mil](mailto:AE-K-TTS@amrdec.army.mil)  
U.S. Army Research, Development, and Engineering Command  
(RDMR-AEK, Mr. William Alvarez)  
Redstone Arsenal, Alabama 35898-5000  
(256) 313-6259 / Fax (256) 313-3205



# *Important Points of Contact (con't)*



➤ Freedom of Information/Privacy Act Programs Office:

U. S. Army Garrison  
ATTN: IMSE-RED-HR  
Bldg. 3687, 3465 Zeus Road  
Redstone Arsenal, AL 35898-5000  
(256) 876-6360 / Fax (256) 876-2057  
<http://www.redstone.army.mil/foia>

➤ Price Challenge Program (PCP):

AVIATION POC:

Commander  
U.S. Army Aviation and Missile Command  
ATTN: AMSAM-MMC-MM-AWL  
Redstone Arsenal, AL 35898-5000  
(256) 842-6776, Fax: (256) 842-0602

MISSILE POC:

Commander  
U.S. Army Aviation and Missile Command  
ATTN: AMSAM-MMC-MM-AWL  
Redstone Arsenal, AL 35898-5000  
(256) 876-3889, Fax: (256) 842-0602

➤ Reverse Engineering (RE) Program & Repair Parts Purchase or Borrow Program (RPPOB):

Commander  
U. S. Army Aviation and Missile Command  
Competition Management Office  
ATTN: AMSAM-CM  
Redstone Arsenal, AL 35898-5000  
(256) 876-2485, Fax (256) 876-2045

➤ To Order Technical Drawings: <http://www.edms.redstone.army.mil>

➤ To Order Technical Manuals: <http://www.ntis.gov/ordering.htm>

➤ Defense Logistics Agency (DLA): <http://www.dla.mil>





*Commitment – Integrity – Performance*

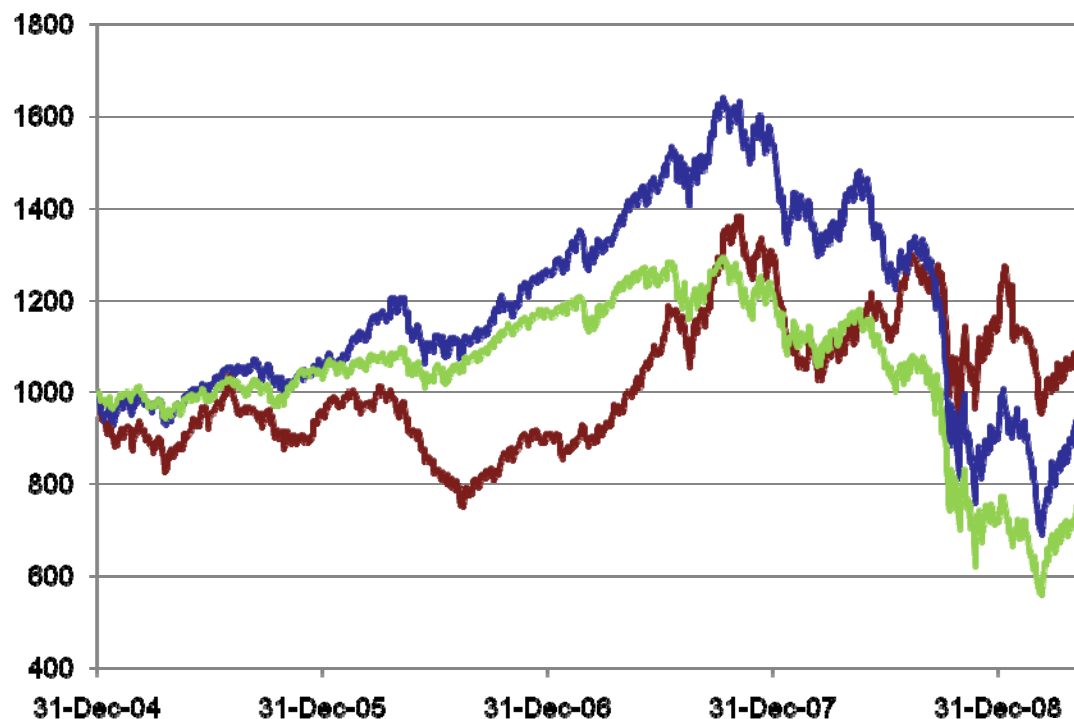
VENTURE MANAGEMENT

Defense Mergers & Acquisitions –  
June 2009

## Overview

- VMI Index – Federal Services Company Outperform Broader Markets
- Debt and Equity Markets
- Defense M&A
  - '08-'09 Transactions
  - Changes in Contracting/Procurement
  - '09 Defense M&A Outlook

## Federal Services Company Outperform Broader Markets



### Gain/Loss from 12/31/04 Values

VMI Index: 10.0%

Spade: -3.7%

S&P: -23.3%

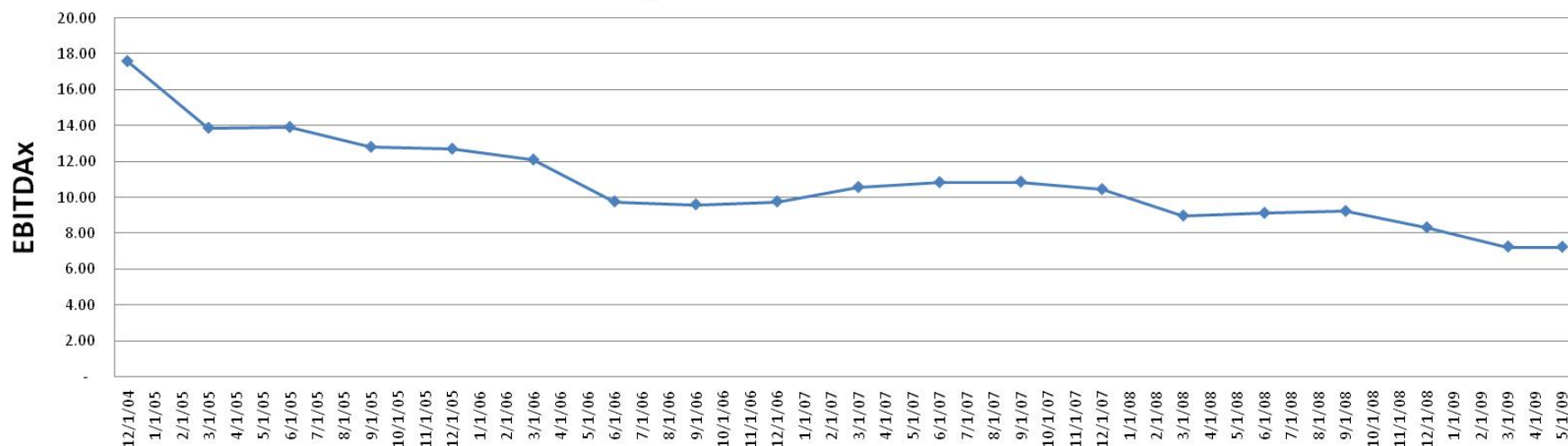
— VMI PROSERV Index

— Spade Defense Index

— S&P 500

Source: Spade Index, Yahoo Finance and Venture Management

## Total Enterprise Value/LTM EBITDA



Name	Ticker	Stock Price*	% of 52 Week High	LTM EBITDAx
Applied Signal Technology, Inc.	APSG	19.20	89.1%	9.39x
ARGON ST, Inc.	STST	18.82	69.0%	9.12x
CACI International Inc	CACI	39.85	74.7%	7.36x
Dynamics Research Corporation	DRCO	8.73	81.2%	5.18x
ManTech International Corporation	MANT	37.41	60.9%	8.07x
SRA International, Inc.	SRX	16.75	68.2%	7.61x
VSE Corporation	VSEC	27.03	56.6%	3.83x

\* As of 5/8/09

Source: Capital IQ and Venture Management, Inc.

## It's A Lender's Market

**We interviewed senior lenders that finance M&A for defense and federal contractors.**

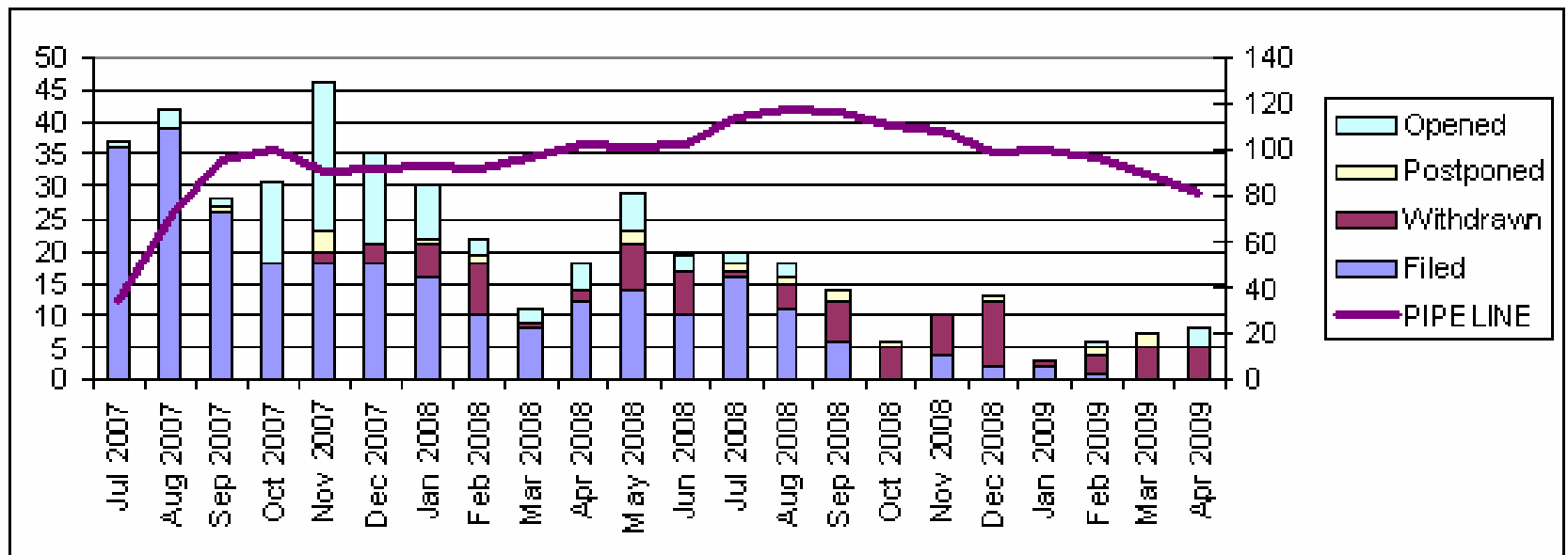
### **Their current thinking:**

- Easier to get smaller deals completed
- Tighter loan terms:
  - More collateral
  - Higher fees
  - Harsher consequences for covenant breaches
  - Shorter term payback periods
  - More equity required in financed M&A deals
  - Greater diligence on contracts, backlog, financials
  - More 'structured' transactions – seller notes, earn-outs
  - Lower multiples on cash flow in determining maximum debt
  - Interest floors instituted on revolvers



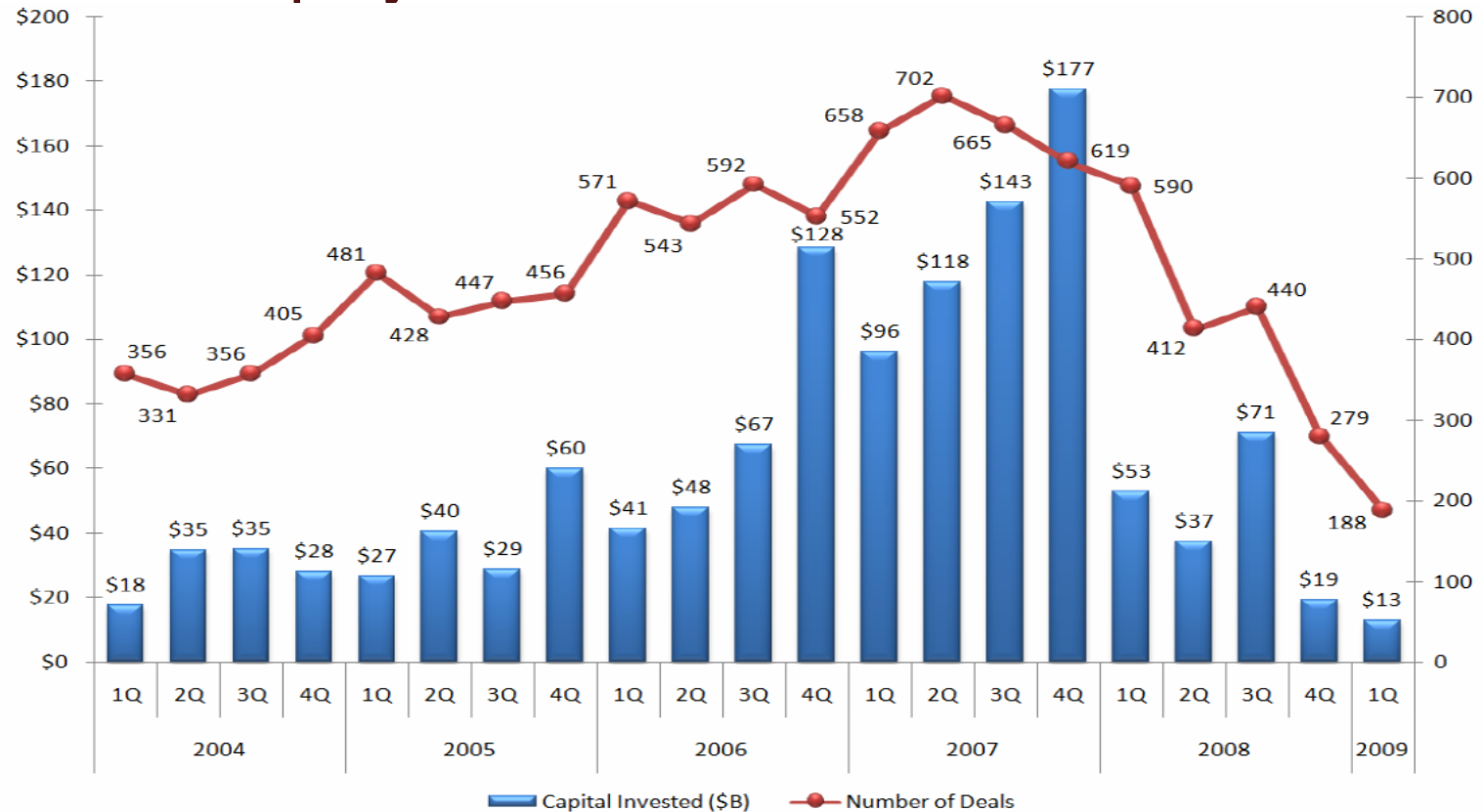
# Capital Markets: Public Equity

- IPO Window Closed



Source: IPOBoutique.com

## Private Equity Total Deal Flow

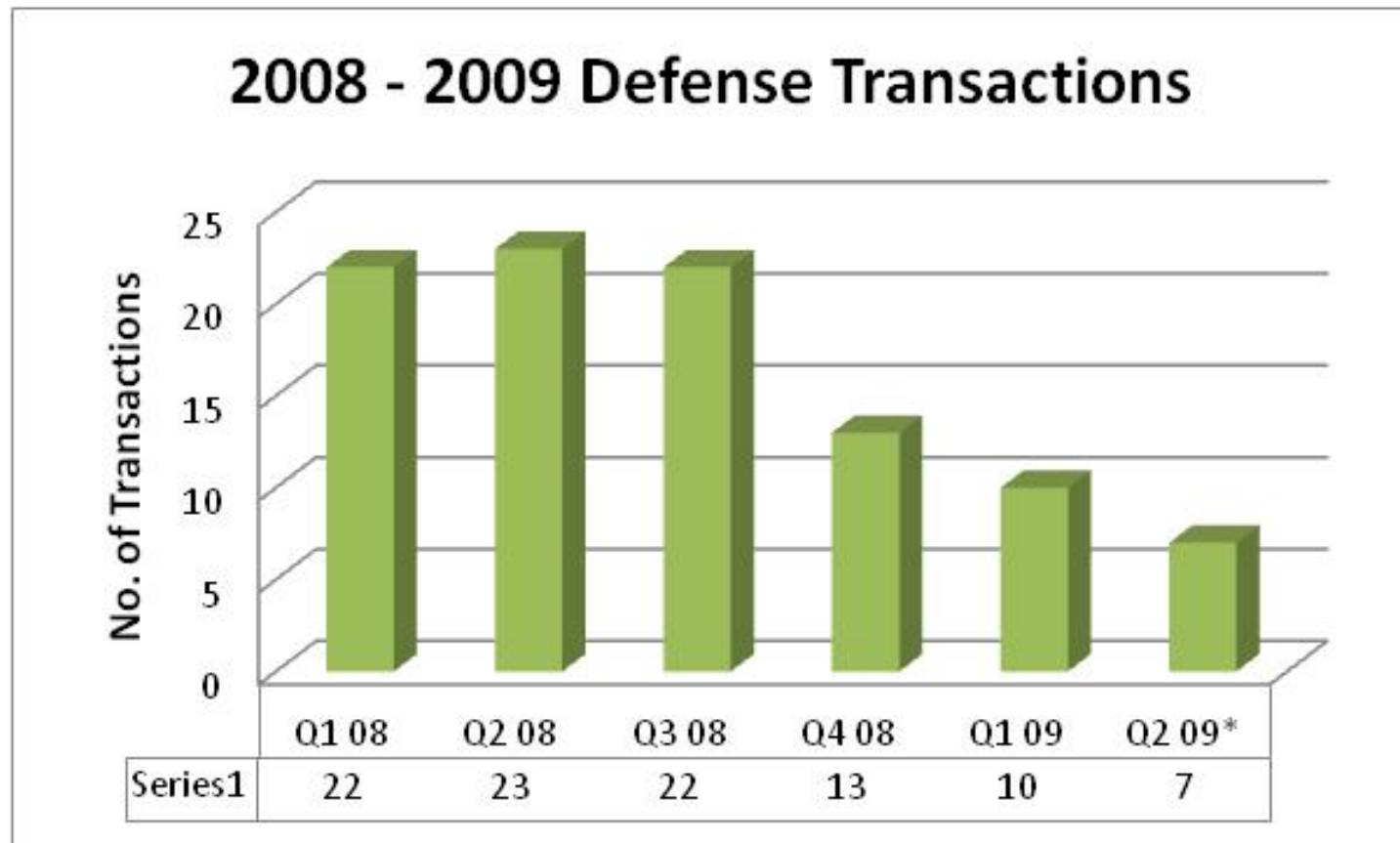


Source: PitchBook Platform

## Impact on M&A Transaction Process

- Due diligence
- Bank approval
- 'Structured' Transactions
- Indemnity risk

## Steady Decline in Activity



\* Through May 15, 2009

Source: Venture Management, Inc.

## Changes in Defense Sector

- **Obama Directive:**
  - More full and open competition,
  - Fixed price contracts,
  - Limit government outsourcing
- **Funding priorities** shifting toward
  - Education
  - Energy
  - Environment



## Budget/Contract Environment for Federal Contractors

- Transparency
- Accountability
- Small business set-asides
- Tighter sole-source justifications
- DoD: bring more work in-house
- Fixed price contracts
- Funding uncertainties
- Acquisition workforce

## Procurement Changes

### **Stimulus funding**

- Quarterly progress reports
- Added disclosure for executive pay

### **DCAA Policy**

- Culture shift
- Penalties for non-compliance

## 2H09 Outlook for Defense Buyers

- **Private equity groups** still active, waiting for return of debt markets
- **New funds** emerging from prior CEO/founders
- **Larger defense companies**, underleveraged and flush, motivated to acquire
- **Foreign appetite** for US companies

## 2H09 Outlook for Defense Sellers

- **Small business re-certification** impinges value
- **Mid-tier defense pure-plays** more apt to sell
- **M&A market** increasingly bifurcated, favoring companies with priority sectors/customers and distinguished capabilities
  - cyber-security
  - re-set/logistics
  - military health care IT
  - soft power
  - information assurance
  - intelligence
  - infrastructure
  - Collaboration/interoperability
  - Unmanned surveillance/warfare
  - Stealth technologies

## Lots of Buyers of Defense Companies...

- Defense Contractors are flush with cash and excess debt capacity
  - \$41.2B amongst top Tier A&D companies
  - +\$2.1B among publicly traded Government Service pure plays
- Private Equity building pipeline, poised to launch



... but not a lot of deals

## **Hurdles to closed transactions**

- Valuation expectations of sellers
- Banks and investors: less tolerance for risk
- Federal Spending shakeout
- “Time Kills All Deals”
- Hitting tolerance limits on Deal Terms



*Commitment – Integrity – Performance*

VENTURE MANAGEMENT

Mark Shappee, [mark@venturemanagement.com](mailto:mark@venturemanagement.com), 805-644-5335  
Jason Gayl, [jason@venturemanagement.com](mailto:jason@venturemanagement.com), 202-329-2377  
Paul Serotkin, [paul@ventuemanagement.com](mailto:paul@ventuemanagement.com), 781-750-8065



# How to Transition to the Commercial Sector

**Jenny C. Servo, Ph.D.**



# What is Commercialization?

**“The process of developing markets and producing and delivering products or services for sale (whether by the originating party or by others)..... commercialization includes both government and non-government markets.”**

*– National Science Foundation SBIR Solicitation*



# DAWNBREAKER®

- **Professional Services firm - Rochester, NY**
- **Worked with over 3400 SBIR/STTR firms**
  - Department of Energy, EPA, Navy, NSF ,NIH, NIST
  - Phase 2 - Commercialization Assistance Program (CAP)
    - Transition Assistance Program (TAP)
  - Phase 1 - Commercialization Planning Program (CP<sup>2</sup>)
- **50% receive private sector investment**
  - 12-18 months of completing Commercialization Assistance program (CAP)



# What is a commercialization strategy?

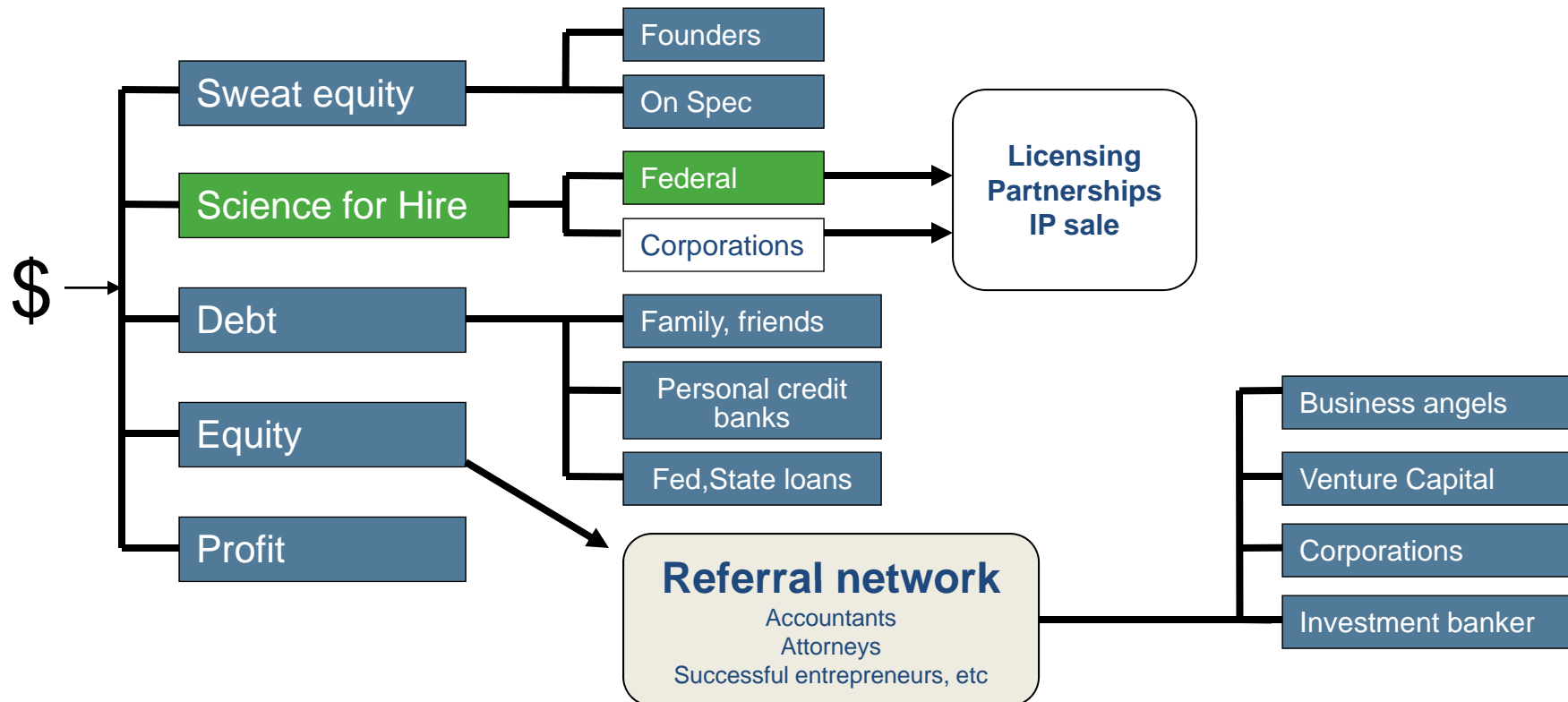
- **Not defined in solicitations.....but alluded to**
  - “....your company’s strategy for converting your proposed SBIR research into a product or non-R&D service with widespread commercial use -- including private sector and/or military markets.”
    - *DoD SBIR solicitation*

# Commercialization Strategy

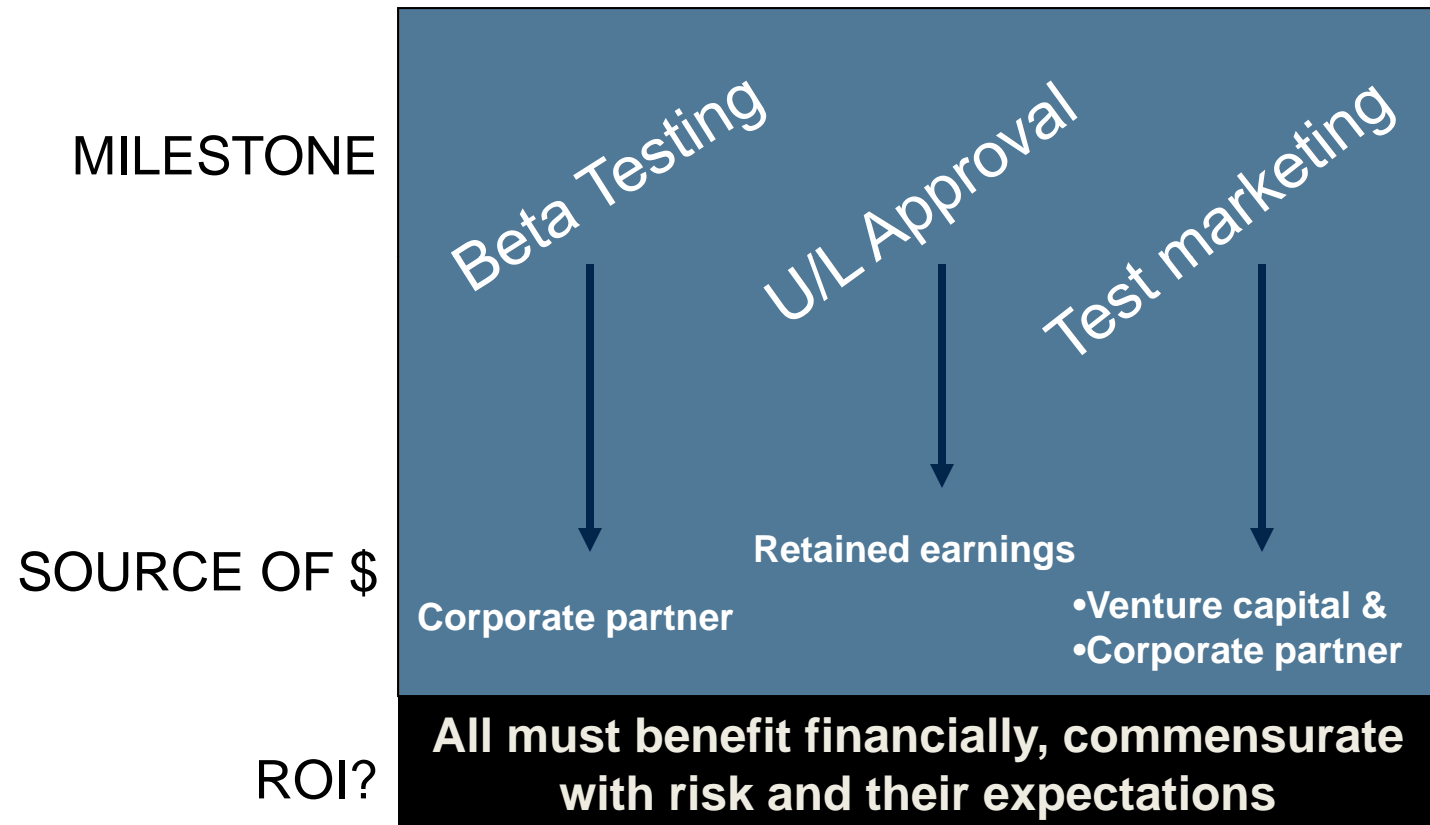
- **The series of financing options that a company entertains to move its technology from concept to the marketplace**

Milestone	How Funded?
Concept development	Phase I SBIR
Business case analysis	G&A
Prototype development	Phase II SBIR
Intellectual property protection	Retained earnings
Beta testing	Corporate partner
U/L approval	Retained earnings
Test market introduction	Equity investment
Marketing	???
Scale-up of Production	???

# Roadmap to Financing Options



# All require a Return on Investment!





# Strategy selection process

- **Iterative ..... build and test**
- **Articulate at the outset and**
- **Revisit**
  - as you collect additional market data
  - as you develop the business case
  - during negotiations with partner/investor





## Factors effecting commercialization strategy

- **Mission**
- **Vision**
- **Business philosophy**
- **Your current situation**
- **Customer requirements of supplier**
- **Window of opportunity**
- **Competitors**



# Mission

- **Business functions**
- **Products and technologies**
- **Markets served**
- **Sustainable competitive advantage**



# Sample Mission Statement

“Soarrell Medical Systems develops, produces, markets, and supports proprietary, patient-oriented software, biometric smart cards and readers which interface with computerized patient record (CPR) systems. We offer outstanding customer support and share the financial risk with medical practitioners. We are dedicated to making it easier for physicians in private practice to spend more time providing quality care.”



# Elements of Vision

- **5-years out**
  - Financial goals - revenue goals, profit margin goals
  - Market goals - customers served, market niche, geographic region, market share
  - Products and services
  - Image- How will you be perceived by customers, competitors, employees, community



# Typology of Visions

	<b>Revenue</b>	<b>Employees</b>	<b>Purpose</b>	<b>Public</b>
<b>Life-Style</b>	\$2 million	30-40	Support owners	Private
<b>Foundation</b>	\$10 – 30 million	40-400	Start new industry	Private
<b>High Potential</b>	\$20 – 30 million	500+	Growth & value	Go public





# Business Philosophy

- I don't want to give to control
- I want to try it all
- I want to enjoy myself
- I don't care who gets rich



# Current situation

- **Financial health**
- **Sustainable competitive advantage**
- **Stage of product/technology development**
- **Management**
- **Market readiness**
- **Risk: technology, market, management**



# Competitors

- **Positioning to**
  - Take advantage of a window of opportunity
  - Broaden a customer base
  - Expand services



# Customer requirements of suppliers

- **Financial stability**
- **Platform interface issues**
- **Quality - ISO, CE certified**
- **Continuous improvements**
- **Quantities and delivery schedules**
- **Customer support**

# Sample strategy - Licensing

- Vision: Life-style company
- Philosophy: Do what I enjoy
- Financing methods

Start-up

Concept development

Intellectual property

Application development

Production

Sweat equity

SBIR

Retained earnings

Licensee

Licensee



# Strategy - Strategic alliance

- **Vision**: Foundation company (R&D and manufacturing)
- **Philosophy**: Conservative
- **Financing methods**

Start-up	Sweat equity
Concept development	SBIR
Intellectual property	Retained earnings
Prototype development	SBIR
Production scale up	Equity investor, converted to debt
Marketing/sales	Strategic alliance

# Strategy - Equity Investment in Parent Company

- Vision: High potential venture
- Philosophy: Rich is good
- Financing options

Concept development

Sweat equity

Prototype development

Science for hire

Production  
introduction

Private placement

Market penetration

Debt financing from equity investors



# Sample Strategy - IPO

- Vision: High potential venture
- Philosophy: I want to try it all
- Financing options

Concept development

Prototype development

Market test

Market introduction

Scale-up

New facility

Expansion

Market penetration

Federal funding

Seed financing from angels

Retained earnings

Equity - Fortune 500 company

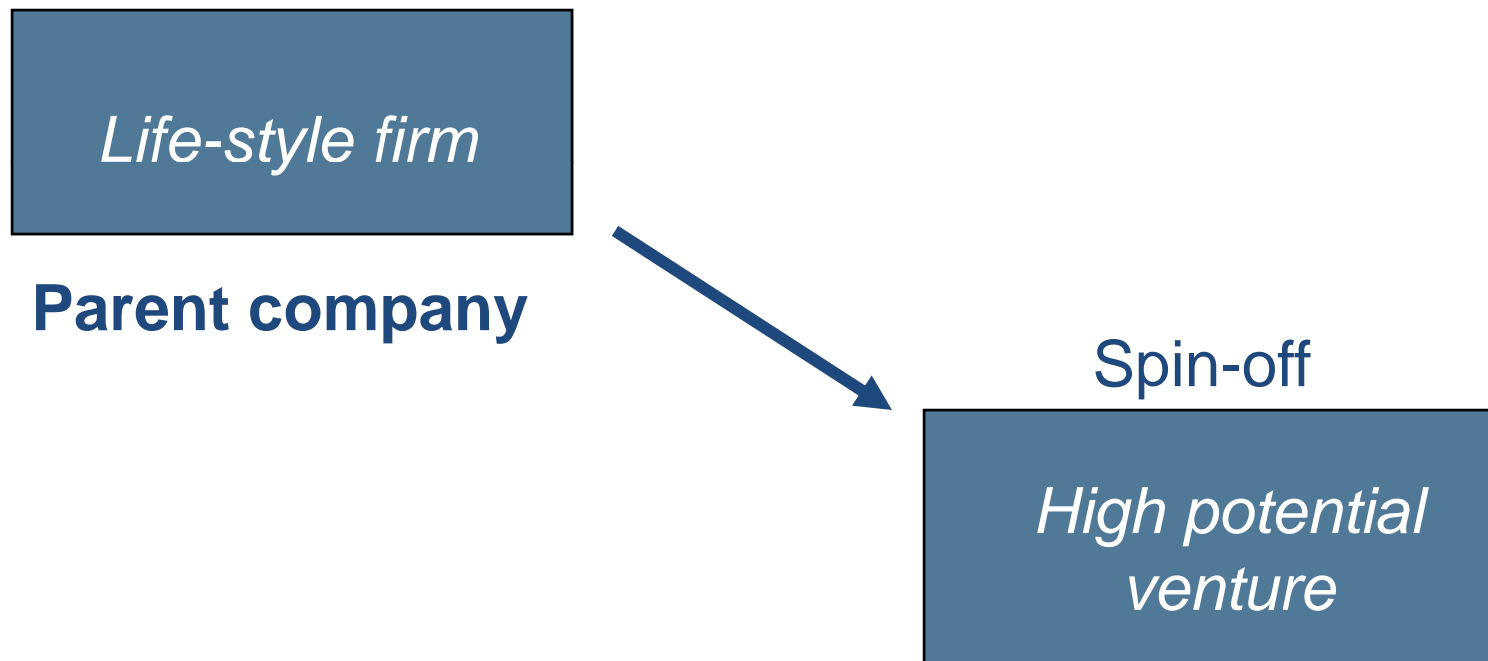
Second round financing from VC

Private placement

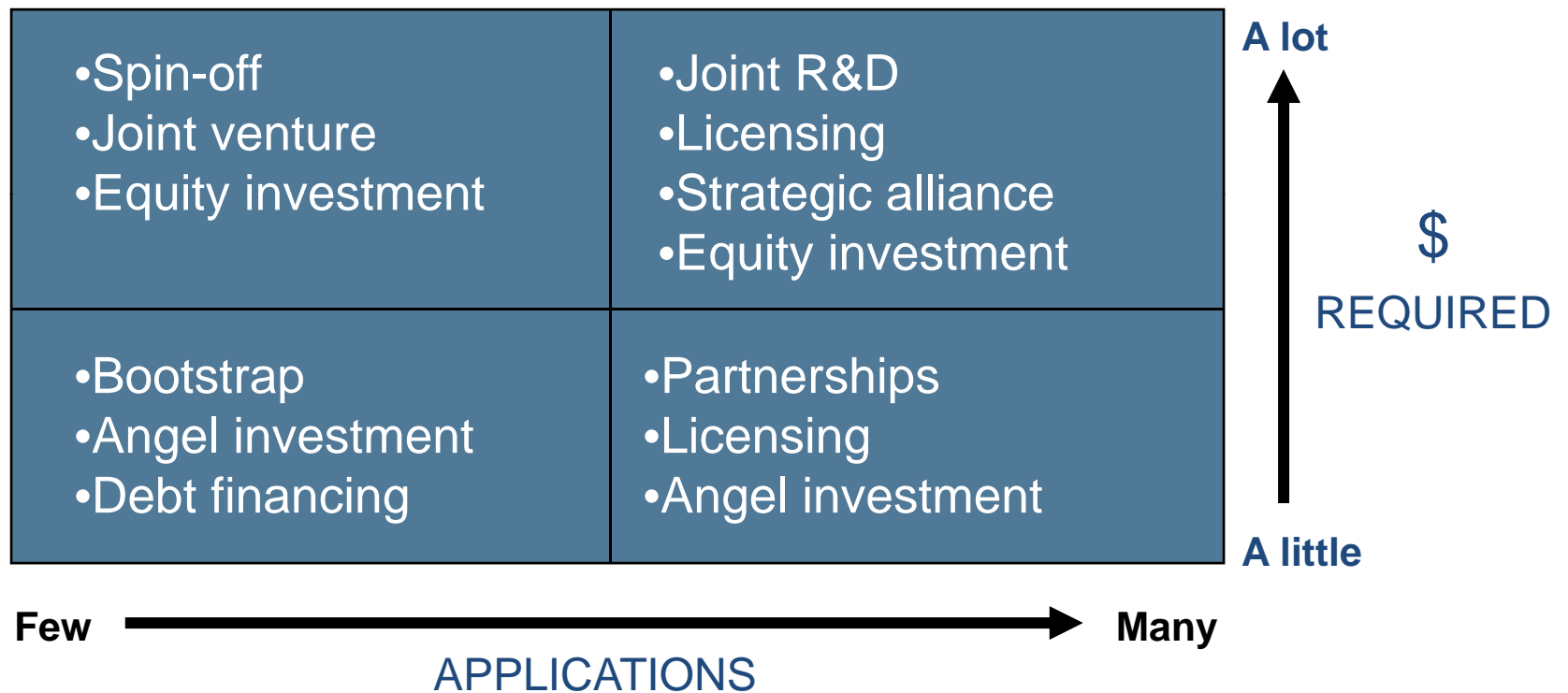
Line of credit, profits

IPO

# Combination of strategies



# Financing Options as a Function of Application & Resources Required







# How -To

- **Management must**
  - Focus on growth of company, not just on completing the R&D
  - Understand the implications of pursuing a specific strategy
    - Licensing: attention to IP, contract law, relationships, audits
    - Angels: ROI, share control
  - Set aside time for this role, hire
  - Be measured on the extent to which

Air

Land

Sea

Space

Cyberspace

Innovation. In all domains.

# Pathways to Success

**June 1, 2009**

Dan Smith  
President  
Integrated Defense Systems

# DefenseNews

May 4, 2009

www.defensenews.com

## U.S. Navy Boosts Cyber Fo

### TechWatch

Toward a 10  
DARPA's ISIS Project Hea

### WorldNews

Finland Moves Ahead V  
\$700M Air-Defense Plans



DEFENDING AUSTRALIA  
IN THE ASIA PACIFIC CENTURY:  
FORCE 2030



DEFENCE  
WHITE  
PAPER  
2009

www.defence.gov.au

**\$ 534 B**

U.S. FY2010 Defense Budget

**+ 4 %**

vs. 2009 Budget



# We are in a Great Industry

**Humanitarian Aid**



**Port Security**



**Future Naval Combatant**



**Missile Defense**



**Undersea Supremacy**



**Our Nation needs what we know how to do ...**

# Changing Landscape

1945 – 1989  
Cold War



1989

Fall of  
Berlin Wall



1990s

Industry  
Consolidation

**NDIA**  
National Defense Industrial Association

2001



9/11  
Global War  
on Terror

**Today**

Broader  
Security  
Environment

Global  
Downturn

Non-State  
Actors

Natural  
Disasters





# Changing Success Criteria

## Current

- Technical
- Management
- Past Performance
- Cost and Price



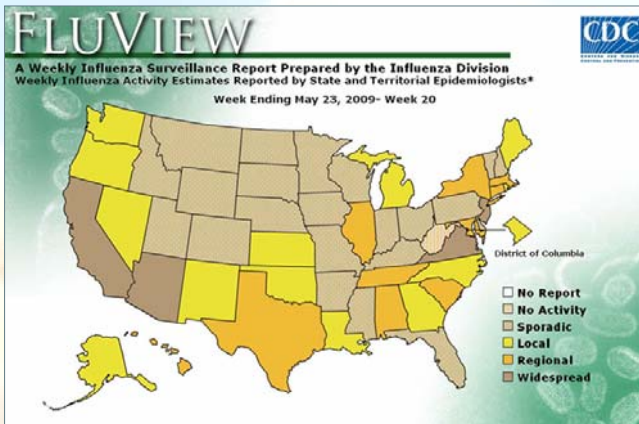
# Changing Success Criteria



**Cyber Security**



**Energy**



**Pandemic Management**

## Future

- Mission Assurance
- Speed and Agility
- Affordability
- Multi-use
- Talent Pipeline



**Event Security**

# Getting to Future State

***Mission  
Assurance***



***Multi-use  
Systems***



***Speed/  
Flexibility/  
Affordability***



***Talent  
Pipeline***



**Our pathway to success**



# Pathway to Success: Public – Private Partnership

**Raytheon**  
Integrated Defense Systems



# Summary

- Opportunity exists
- Evolving security environment
- Quality and performance matter
- Partnership = Truth, Trust, Intimacy, Legacy
- We are privileged. Be proud of what we do everyday!

**We make a difference !**



# We Make A Difference



Air

Land

Sea

Space

Cyberspace

Innovation. In all domains.

# Pathways to Success

**June 1, 2009**

Dan Smith  
President  
Integrated Defense Systems

**SMALL BUSINESS LEGISLATION INTRODUCED  
111TH CONGRESS, FIRST SESSION  
As of May 28, 2009**

- S.177: Strengthening Our Economy Through Small Business Innovation Act of 2009
- H.R. 456: Disabled Veteran Small Business Eligibility Expansion Act of 2009
- H.R. 648: Woman's Business Ownership Act of 2009
- H.R. 1491: Securing Equity for the Economic Development of Low Income Areas Act of 2009
- H.R. 1538: Repeal of the Small Business Competitiveness Demonstration Program
- H.R. 1803: Veterans Business Center Act of 2009
- H.R. 1807: Educating Entrepreneurs Through Today's Technology Act

# **SMALL BUSINESS LEGISLATION INTRODUCED 111TH CONGRESS, FIRST SESSION Continued**

- H.R. 1834: Native American Business Development Enhancement Act of 2009
- H.R. 1838: The Woman's Business Centers Improvements Act of 2009
- H.R. 1839: Retired Executives Building Better Businesses Act of 2009
- H.R. 1842: The Expanding Entrepreneurship Act of 2009
- H.R. 1845: The Small Business Development Centers Modernization Act of 2009
- H.R. 2415: Requires the Federal Government to use Federal Supply schedules to meet SDVOSB Goals
- H.R. 2416: Requires Department of Veterans Affairs to use Federal Supply schedules to meet SDVOSB Goals

# **H.R. 2352, The Job Creation through Entrepreneurship Act of 2009**

- **Summary of H.R. 2352, The Job Creation through  
Entrepreneurship Act of 2009**
- **Establishment of Veterans Business Center Program**
  - Authorizes \$10 million in FY 2011 and \$12 million in FY 2011 for the SBA to expand entrepreneurial development assistance to veterans by increasing outreach facilities across the country; establishing specialized assistance programs; and updating the institutional structure designed to customize policies and programs targeted to the sector.



# **H.R. 2353: Job Creation Through Entrepreneurship Act of 2009 -Continued**

- **Educating Entrepreneurs through Today's Technology**
- **Enhancing Native American Entrepreneurship**
- **Broadening the Women's Business Centers Program**
- **SCORE Program Improvements**
- **Expanding Entrepreneurship Act of 2009**
- **Authorizes the development of specialized assistance programs at Small Business Development Centers**

# SBIR Legislative Update

- House Committee on Small Business is scheduled to meet on June 4<sup>th</sup> to formulate SBIR reauthorization and other potential legislative proposals based on the following general areas of interest:
  - **SBIR/STTR Reauthorization**
    - Amend the Small Business Act to extend through FY2011 the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs of the Small Business Administration (SBA). Include venture capital operating company restrictions.

# SBIR Legislative Update (Continued)

## – **Fast Track Authority**

- Authorizes agencies to develop fast-track programs to eliminate funding delays by issuing Phase Two SBIR awards as soon as practicable, including simultaneously with the issuance of the Phase One award.

## – **Program Focus on Applied Research**

- Modify the purpose and policy of the SBIR and STTR programs to focus on promoting applied research and the development of projects governed by commercial business plans. Include energy-related, nanotechnology, and rare disease-related research topics as "special consideration" SBIR research topics.

## – **Outcomes Database**

- Requires: (1) SBIR and STTR small business participants to provide updated project information for purposes of updating agency databases which evaluate the outcome of Phase One and Two awards; and (2) participating agencies to develop and maintain such databases to include milestones where appropriate.

# SBIR Legislative Update (Continued)

## – **SBIR Outreach**

- SBA to make two-year grants to organizations to:  
(1) conduct SBIR outreach efforts to increase small business participation; and (2) provide application support and entrepreneurial and business skills support to prospective participants.
- Senate Committee on Small Business and Entrepreneurship is scheduled to hold a SBIR Roundtable on June 4<sup>th</sup>.

**SMALL BUSINESS LEGISLATION  
111TH CONGRESS, FIRST SESSION  
Continued**

- The full Text, Status, and Legislative Summary for each Bill is available on line at:

• [www.thomas.gov](http://www.thomas.gov)

- For questions and other assistance, contact:

**Pete Steffes**  
**Vice President, Government Policy**  
**National Defense Industrial Association**  
**(703) 247-9470**  
[PSteffes@NDIA.ORG](mailto:PSteffes@NDIA.ORG)

Visit NDIA on line at [WWW.NDIA.ORG](http://WWW.NDIA.ORG)



# **Ten Things You Should Know - What Prime's Value in Their Integrated Supply Chains**

**Presented to  
NDIA National Small Business Conference  
by  
Dr. Kenneth W. Sullivan, P.E.  
June 2, 2009**

# Areas of Focus

- Supply Chain Analysis
  - Multi-Tiered, Multi-Channel Supply Chains
  - Enterprise Value Stream Mapping
  - Data Mining Throughout Supply Chain
- Supply Chain Design and Optimization
  - Inventory and Network Optimization
  - Enterprise Approach to Solution
  - Development of Simulation Models
- Product Life Cycle Management
  - System Definition: Object BOM and Information BOM
  - System Design: Publish and Subscribe Network
  - Implementation

# Attributes

- Experiences in both public and private sector
  - “Best practices” implementation
  - Federal Government
    - US Army
    - US Air Force
    - Department of Transportation
    - NASA-MSFC
- Perceived as “non-competitive” partner
- Flexible and experienced workforce
  - Full-time, non-academic staff
  - Government and private sector experience prior to joining UAH
  - Interface with academic staff (subject matter experts)
- Customized training and implementation
  - Tailored for specific customer needs
  - On-site training and implementation

## Primary Customers

- AMCOM Office for Continuous Improvement
  - Supply chain analysis for Chinook, Apache and Kiowa
  - Identification of critical paths
- AMCOM Command Analysis Directorate
  - Supply chain modeling for Chinook blades and various aviation assembly platforms
  - Determination of optimum inventories to support readiness requirement
- Army Materiel Command (AMC)
- AMRDEC Supply Chain Integrated Product Team
- NASA Ares Program – Upper Stage Supply Chain Analysis

## **Strategic Partners – The Company We Keep:**

- MIT Forum for Supply Chain Innovation
- Lean Advancement Initiative (LAI) at MIT
- National Defense Industry Association (NDIA)
- National Council for Advanced Manufacturing (NACFAM)
- Supply Chain Council (SCOR)



# “So where is this guy coming from?”

- NASA – MSFC (7 years)
  - Materials and Processing Laboratory
  - Chief Engineer/Project Office
- Private Sector (8 ½ years)
  - Precision Machine Shop (primarily aerospace)
  - High volume commercial production
- University of Alabama in Huntsville (8 ½ years)
  - Contract support to US Army (AMCOM) for Industrial Base Branch (Team Leader/Manager)
  - Lean implementation and training at government and private sector corporations
  - Team lead for UAH AMCOM supply chain analysis team
    - Multi-tiered evaluation of the Army Aviation supply chain
    - Team visited over 50 suppliers

# Today's Reality

- Strategic Trends Shaping Industry and Government
  - Growing Specialization and Focus on Core Competencies;
  - Outsourcing in the Search for Lower Costs;
  - Continuing Movement Towards Globalization
- Implications
  - Manufacturers and Prime Contractors Have Become Integrators, Assemblers & Business Managers;
  - Hundreds of Companies and Organizations Now Work Together to Deliver Value to the Customer;
  - Critical Need for Integrated Management, Visibility, Coordination and Collaboration

# The Top 10 Things to Know

1. Your critical position in the big picture of delivering value to the final customer
2. Importance of communication and the role of supply chain roundtables
3. Supply chain management and metrics
4. Use of collaboration tools for forecasting and planning.
5. Lean Implementation in both manufacturing and business processes  
-- both within your organization and at the interfaces with other companies
6. Innovative strategies for increasing value added
7. Understanding requirements and challenging status quo
8. New and emerging contract structures
9. Economic, industrial and demographic trends
10. Supply Chain innovations such as incentivized work in process

# **1. Your critical position in the big picture of delivering value to the final customer**

## What is a Supply Chain?

“...every effort involved in producing and delivering a final product or service, from **the supplier’s supplier to the customer’s customer.**”

Duclos, Vakurka, Lummus (2003)

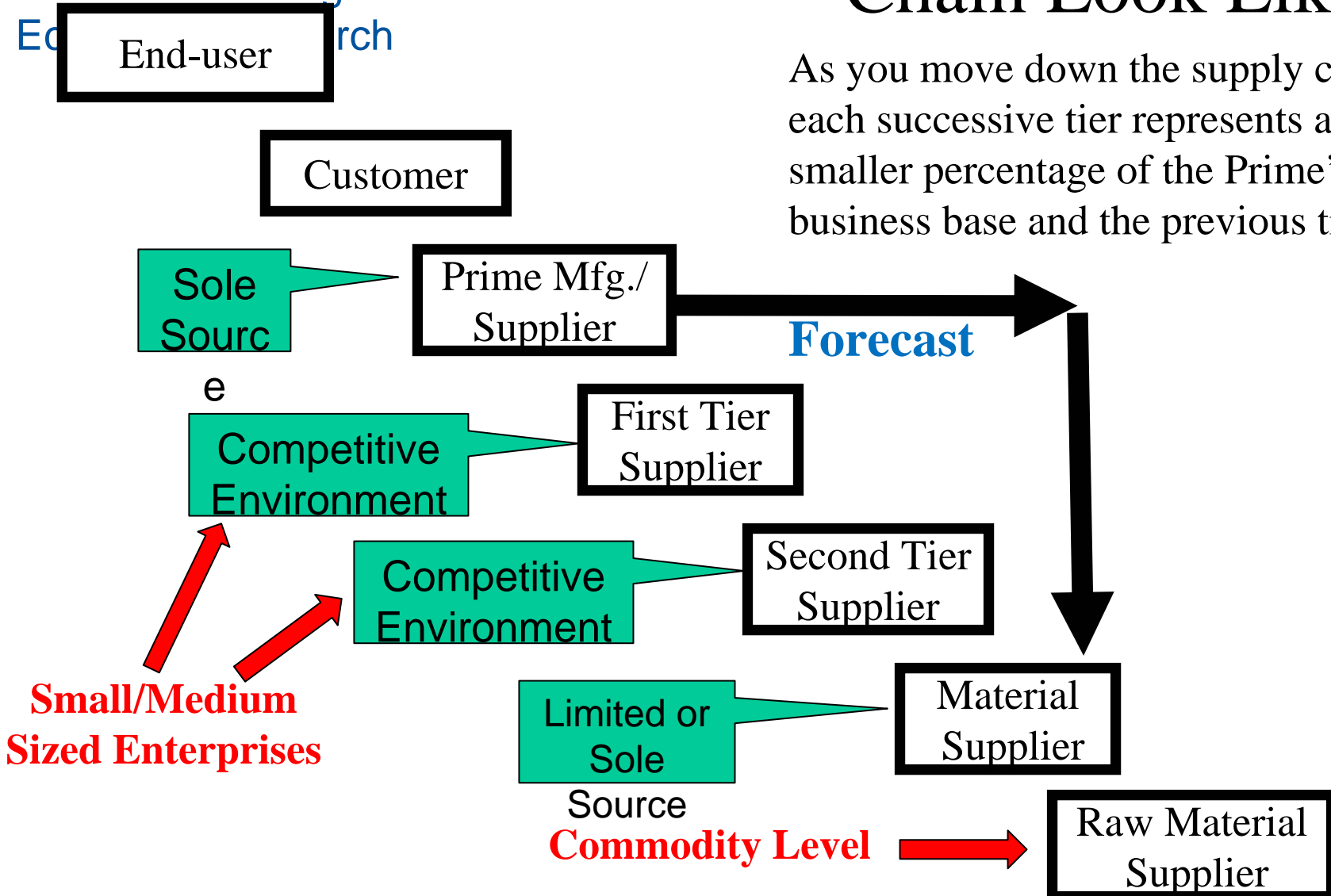
“Supply chain management is a set of approaches utilized to efficiently integrate suppliers, manufacturers, warehouses, and stores, so that merchandise is produced and distributed at the **right quantities, to the right locations, and the right time, in order to minimize system wide cost while satisfying service level requirements.**”

David Simchi-Levi, Philip Kaminsky and Edith Simchi-Levi  
*Designing and Managing the Supply Chain, 2<sup>nd</sup> Edition*



# What Does a Supply Chain Look Like?

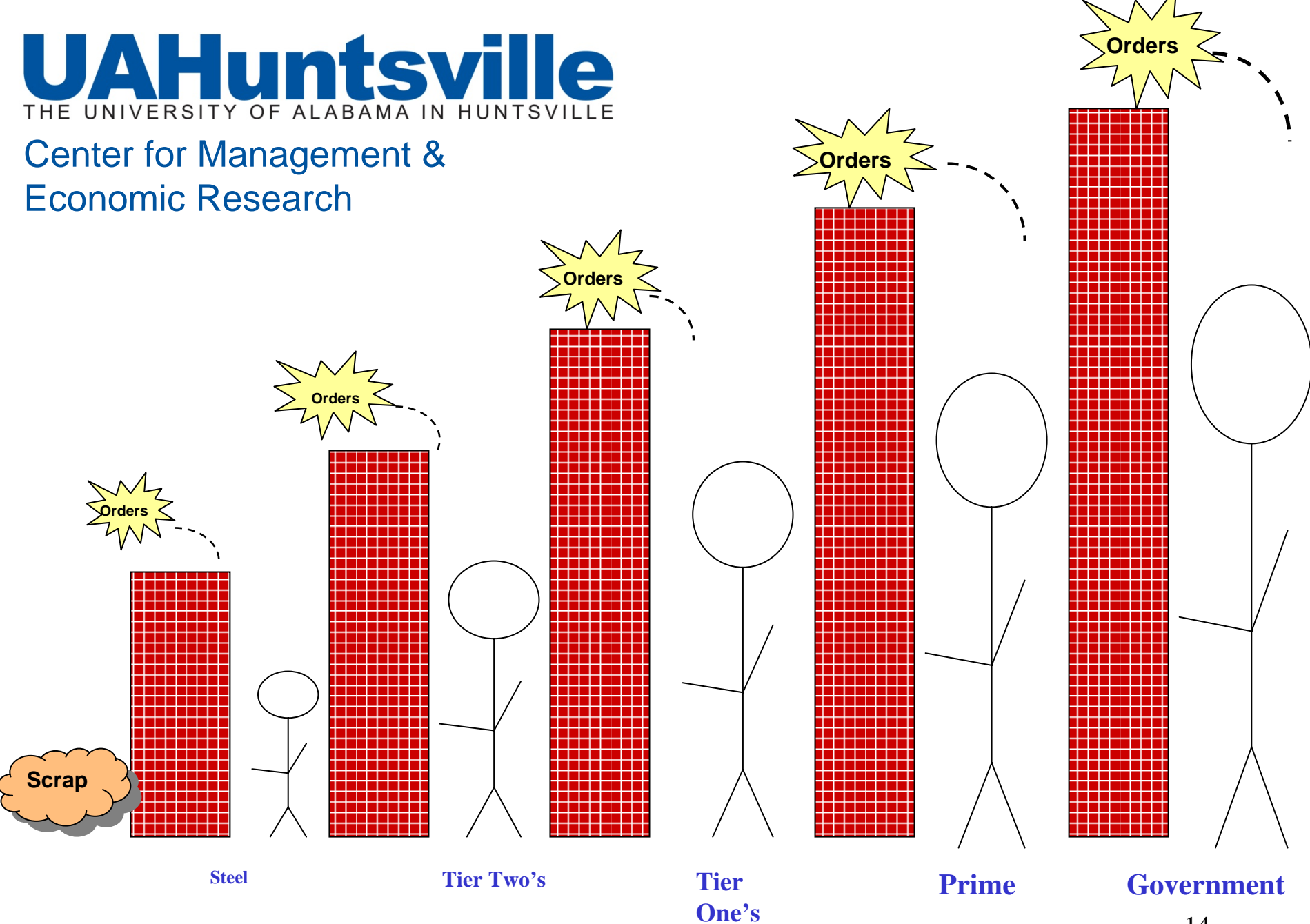
As you move down the supply chain, each successive tier represents a smaller percentage of the Prime's main business base and the previous tiers.



# The Issue at Hand

1. Why do we need to continually improve an existing supply chain?
  - Requirements change (unforeseen)
  - Dynamics in supply base
2. Why are we concerned about the supply base?
  - Approximately 70% of the parts assembled by the OEM are purchased/manufactured from suppliers\*
  - Suppliers must function in a global market
    - DoD smaller percentage of business base
    - Cost of working on Government projects
  - Numerous single point failures

## **2. Importance of communication and the role of Supply Chain Roundtables**

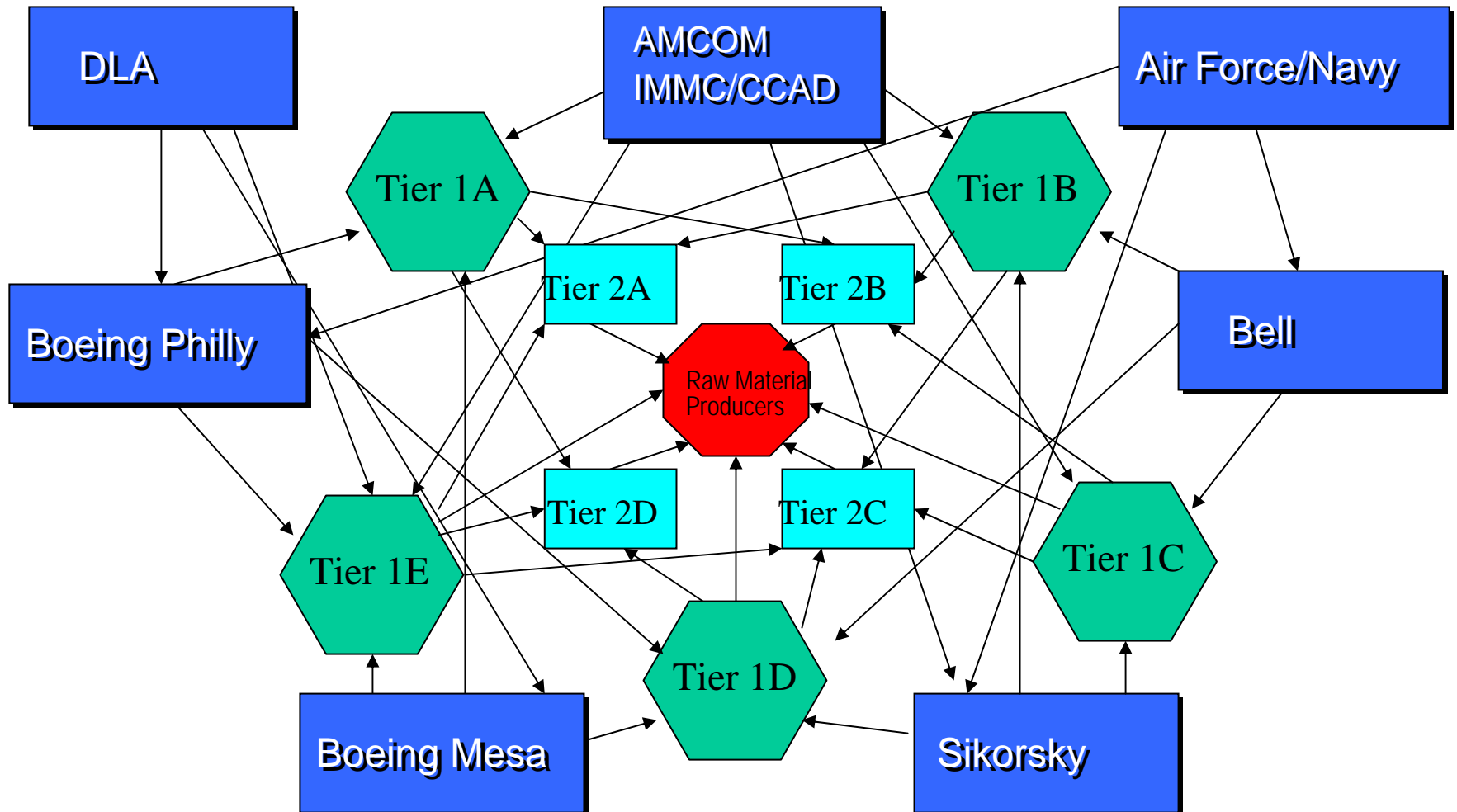


## Collaboration and Trust

- Companies in the supply chain are averse to risk and investment resulting in little or no inventories
- Lack of forecast/understand demand
- Share lessons learned
- Roadmap to/for SC implementation
- SC alerts
- Meet business expectations
- Develop a proactive culture
- Velocity of information

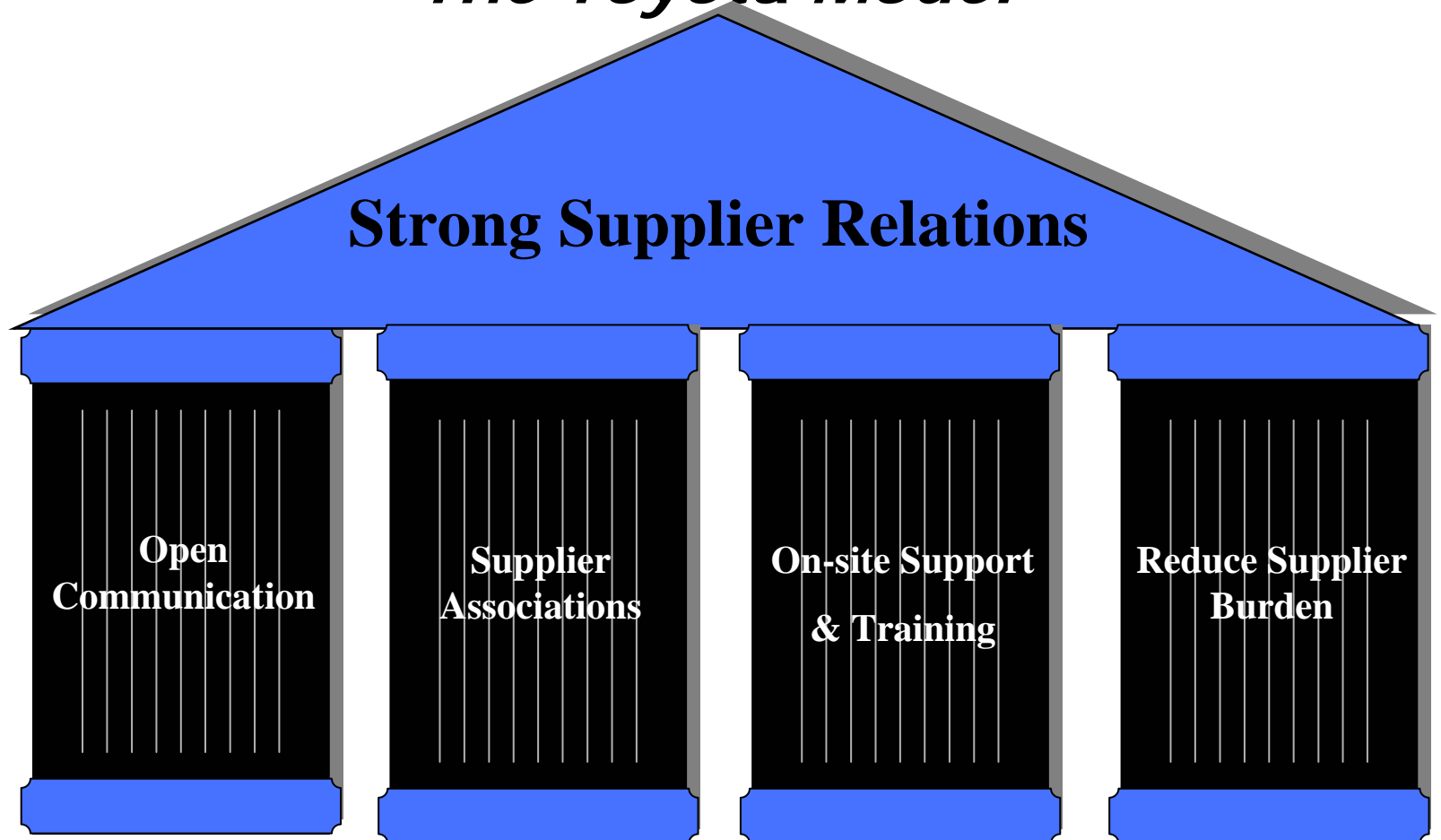


# Importance of Supply Chain Knowledge



## **Four Columns of Collaboration**

### *The Toyota Model*



## Supply Chain Roundtables

- Identify critical suppliers at all levels of the supply chain for selected critical assemblies
- Representatives from the customer, OEM and all levels of the supply chain presented current status of the project from their point of view
- Breakout groups met to discuss issues
- Actions developed and assigned
- Actions continually updated
- Roundtables reconvene every three to four months or until collaboration becomes part of culture
- *Suppliers can coordinate/initiate the roundtables*

**Note: Often third party organizations can serve as an effective facilitator**

# **3. Supply Chain Management and Metrics**

A Supply Chain Must Be Structured  
According to Product Characteristics and  
Customer Demands

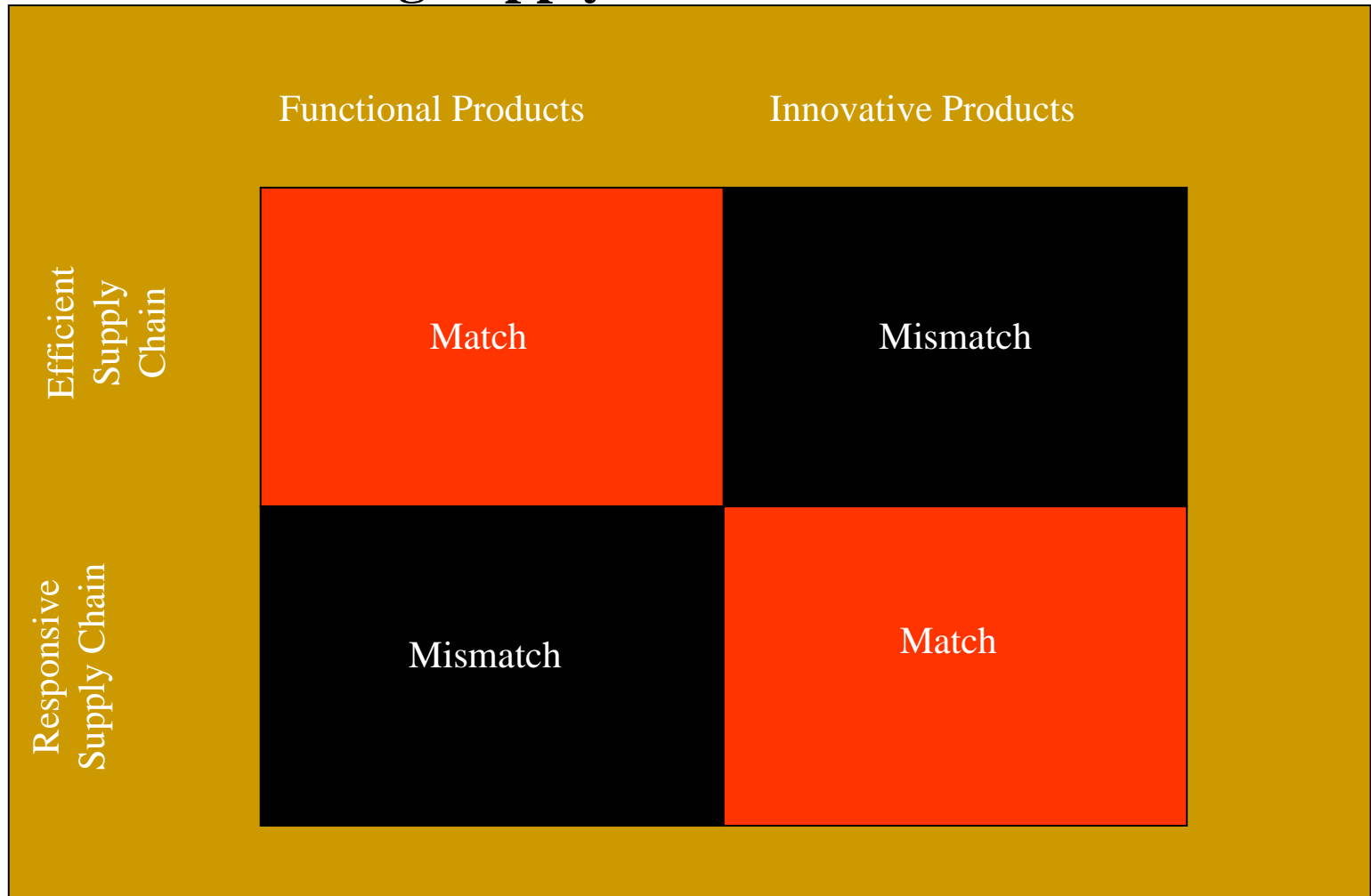
Supply Chains Must Be Planned  
(Designed) or Will Not Perform to  
Requirements



## **Designing the Supply Chain for the Specific Product**

- Many companies attempt to shove everything through one supply chain structure and then wonder why some problems continue;
- Must recognize that products have different characteristics and generally need to be managed in a different manner with an aligned supply chain; and
- Efficiency and Responsiveness are generally in direct conflict.

## Matching Supply Chains with Products

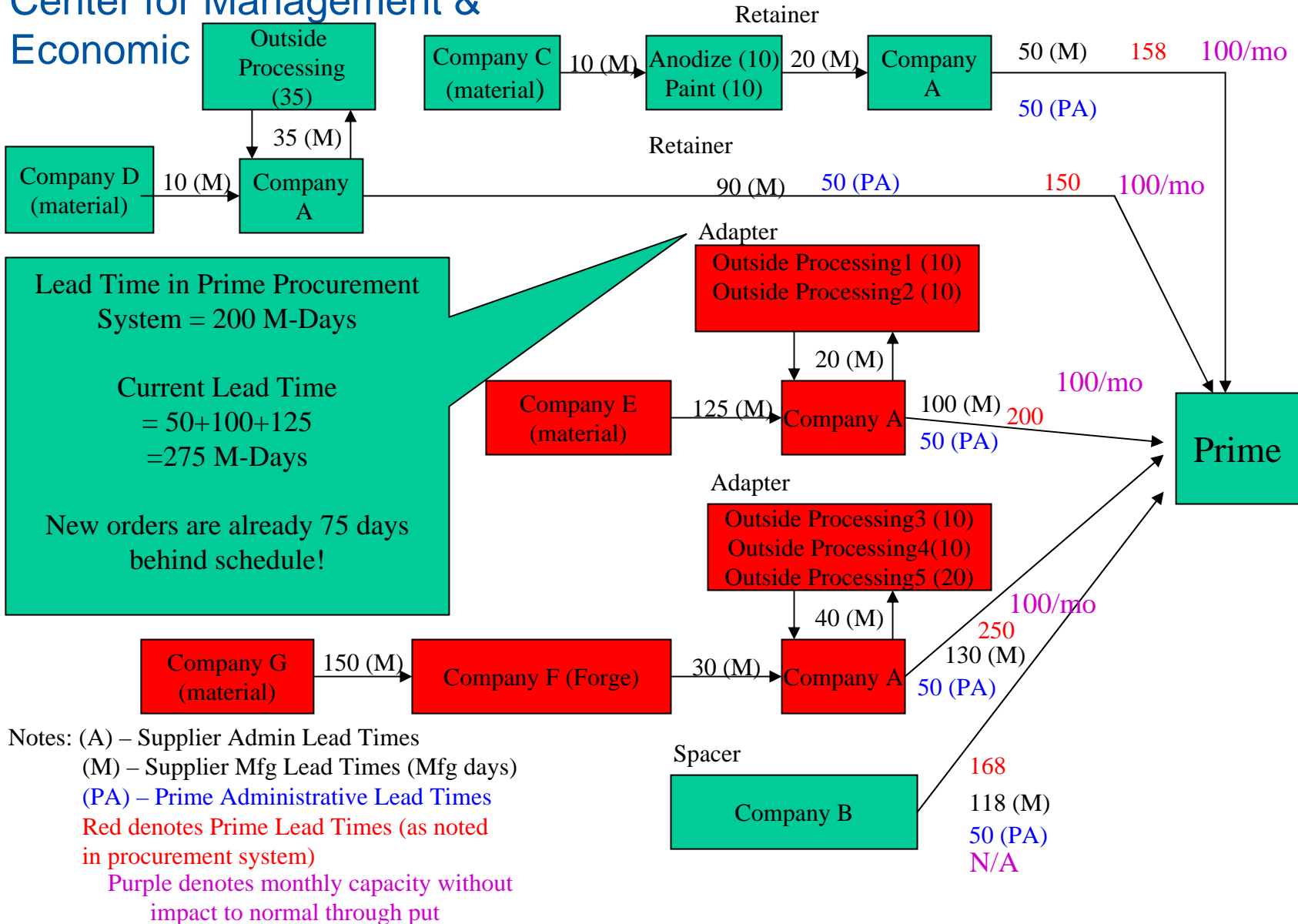


# Process

- Identify Critical Parts for Analysis
- Visit Prime and Suppliers
- Map Supply Chain
- Identify Critical Path and Critical Sub-components
- Attack low-hanging fruit; identify longer term improvements-immediate results
- Look for opportunities to proliferate improved processes to other parts
- Raise overall supply chain awareness
- Removal of “stove pipe” mentality – enterprise approach

# Example Supply Chain Map

## Center for Management & Economic



# Performance Metrics


SCOR (Supply Chain Operations Reference) Model was designed to help:

- identify, define, and measure metrics across the supply chain
- identify weak links in the supply chain by using business best practices
- reduce costs through reduced inventories and improved order fulfillment time




**SCOR was developed around:**

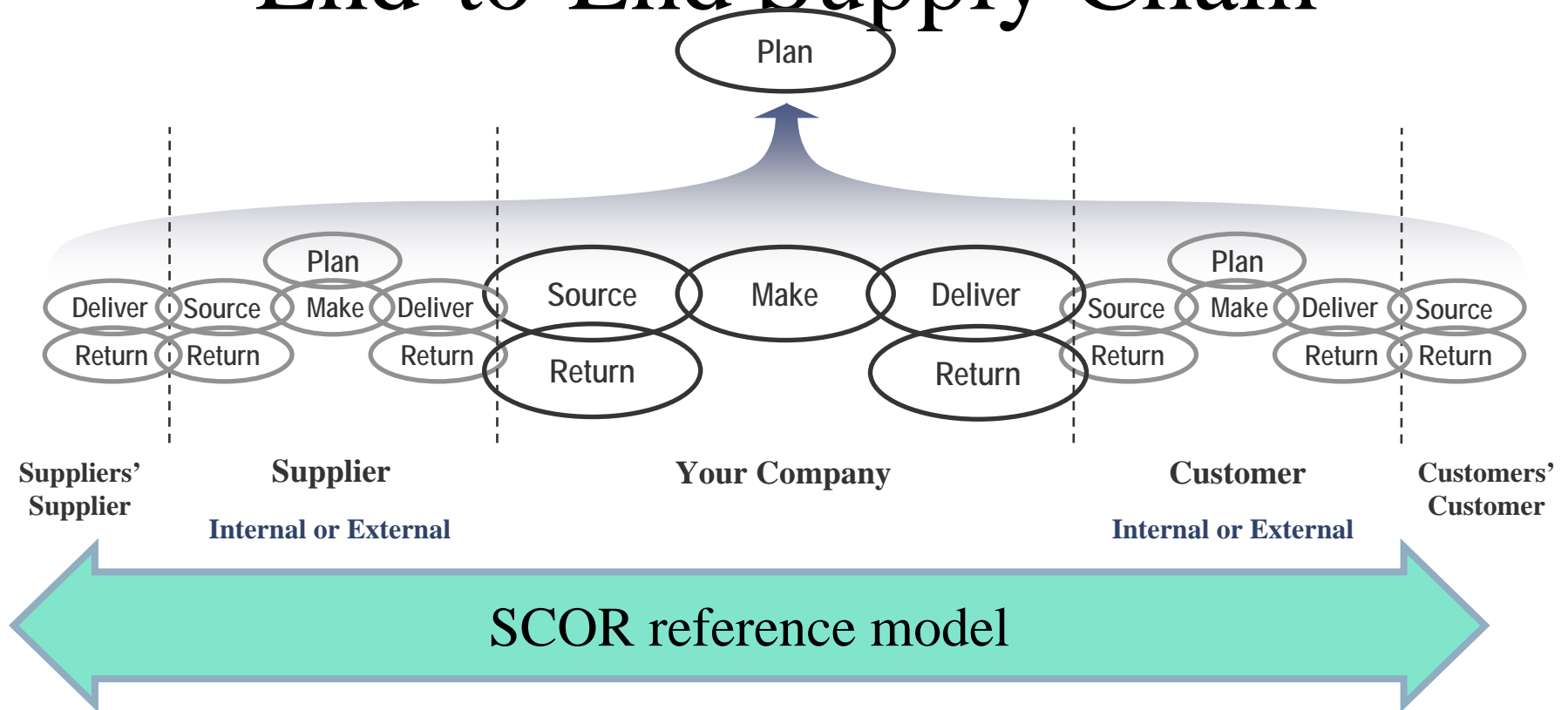
 **Common Terminology (e.g., Processes, Metrics)**

 **Common Definitions (e.g., Metrics – Perfect Order Fulfillment)**

 **Evolves around Common Processes  
in Enterprise Supply Chain:**

 **Plan  
Source  
Make  
Deliver  
Return**

# End-to-End Supply Chain



## **4. Use of collaboration tools for forecasting and planning**

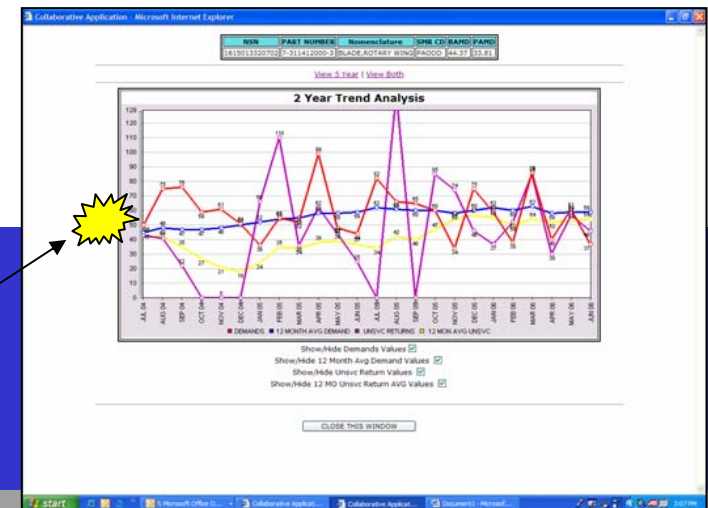
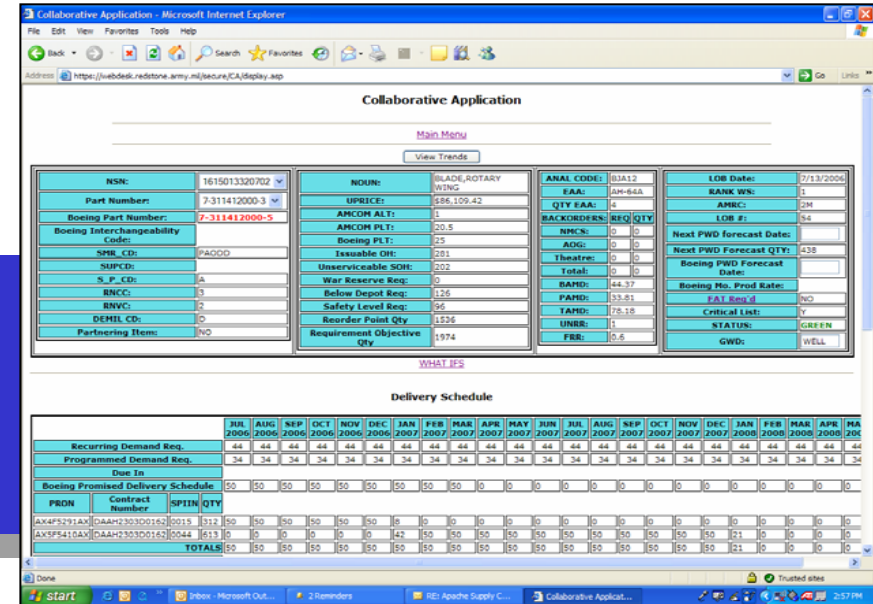
Powerful Web application that is a foundation of an Open Sharing Collaborative Environment

- Key to faster sharing of forecast, demand, Delivery data
- Performs “What-If” studies
- Creates custom reports

- Incorporates 2410 data for predictive demand analysis
- Provides analytical tools for supply management
- Aids advance posturing throughout the supply chain

Real-Time Data Sharing

Trend Data  
2 yr and/or 5 yr



## **5. Lean Implementation in both manufacturing and business processes**

**-- both within your organization and  
at the interfaces with other  
companies**

## Lean . . .

A systematic approach  
to identifying and eliminating waste (non-  
value-added activities)  
through continuous improvement  
by flowing the product  
at the pull of the customer  
in pursuit of perfection.

-- The MEP Lean Network

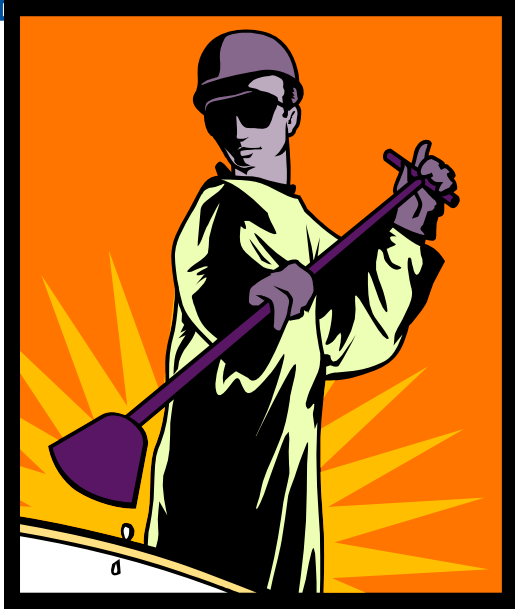


# Lean Issues

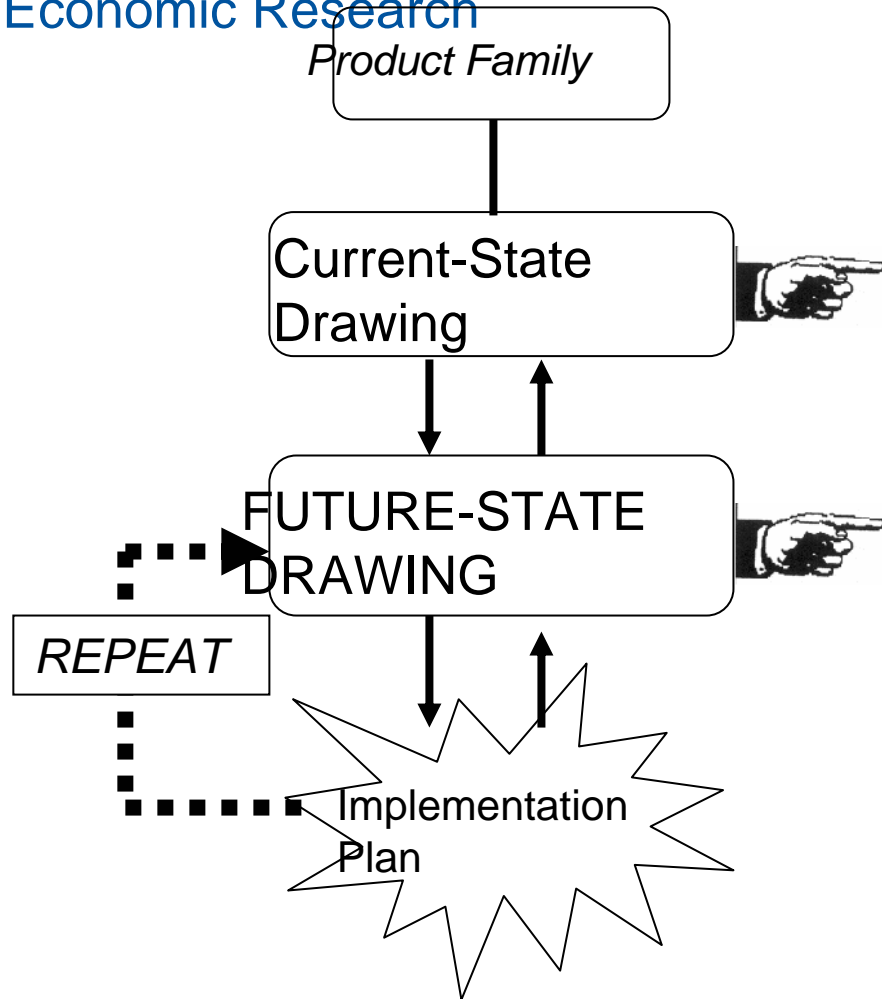
- Lean associated with auto industry (Toyota)
- Perception it is difficult to apply in aerospace (machine shop) environment
- In reality, lean principles are applicable in all industries
- Lean principles are applicable in office environment and within supply chain
- Lean training and implementation in non-traditional production systems available
  - NIST Manufacturing Extension Partnership
  - MIT Lean Advancement Initiative
  - Customers
- Lean Tools
  - Value Stream Mapping
  - Kaizen Events

## The Value Stream Mapping Objective

Document a product group's flow from raw material to finished part, and draw a visual representation using VSM symbols that represents every process and activity in the material and information flows.



Next draw a future state of the value stream using VSM symbols to create the desired flow.

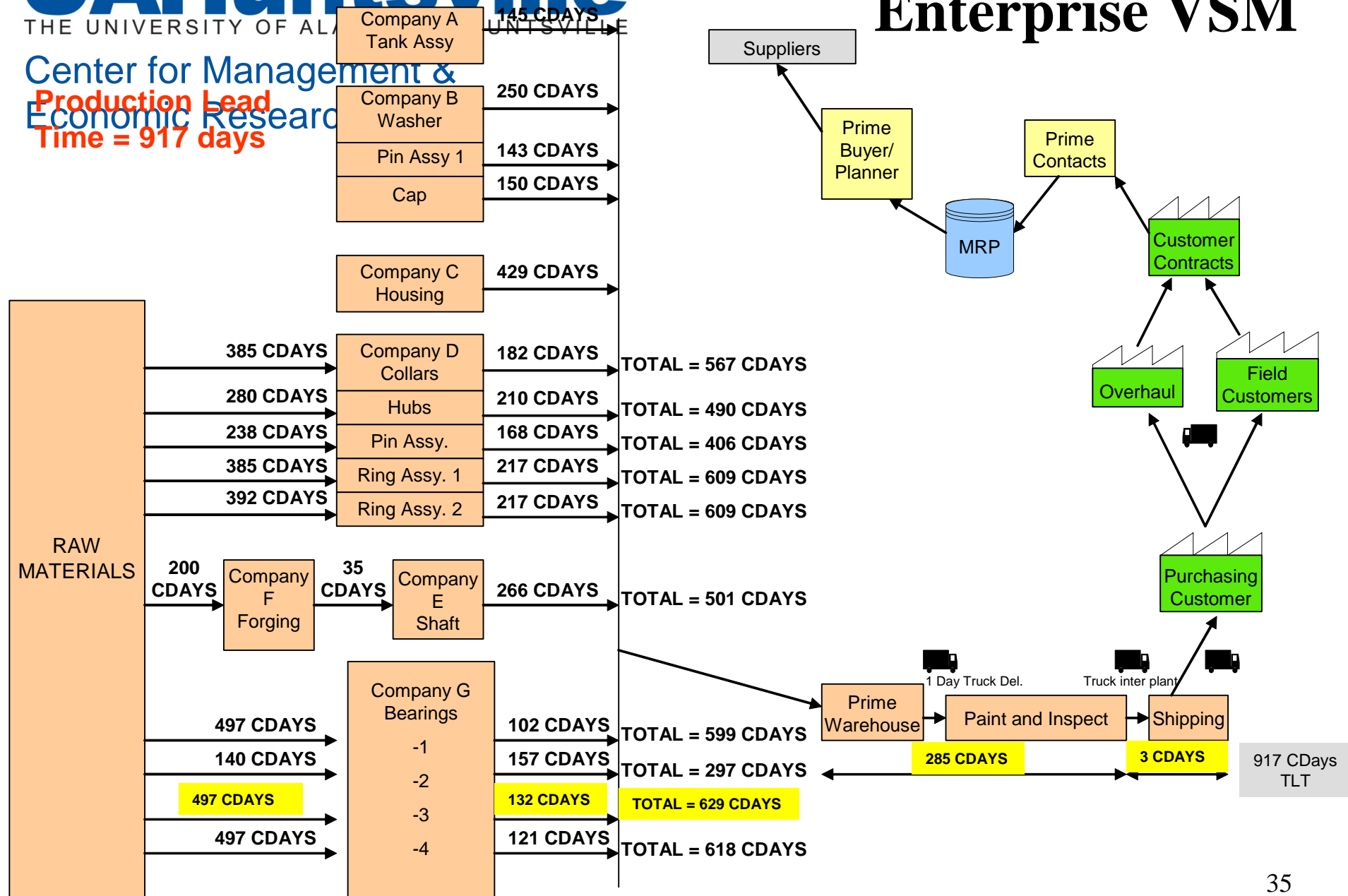


## Using the Value Stream Mapping Tool

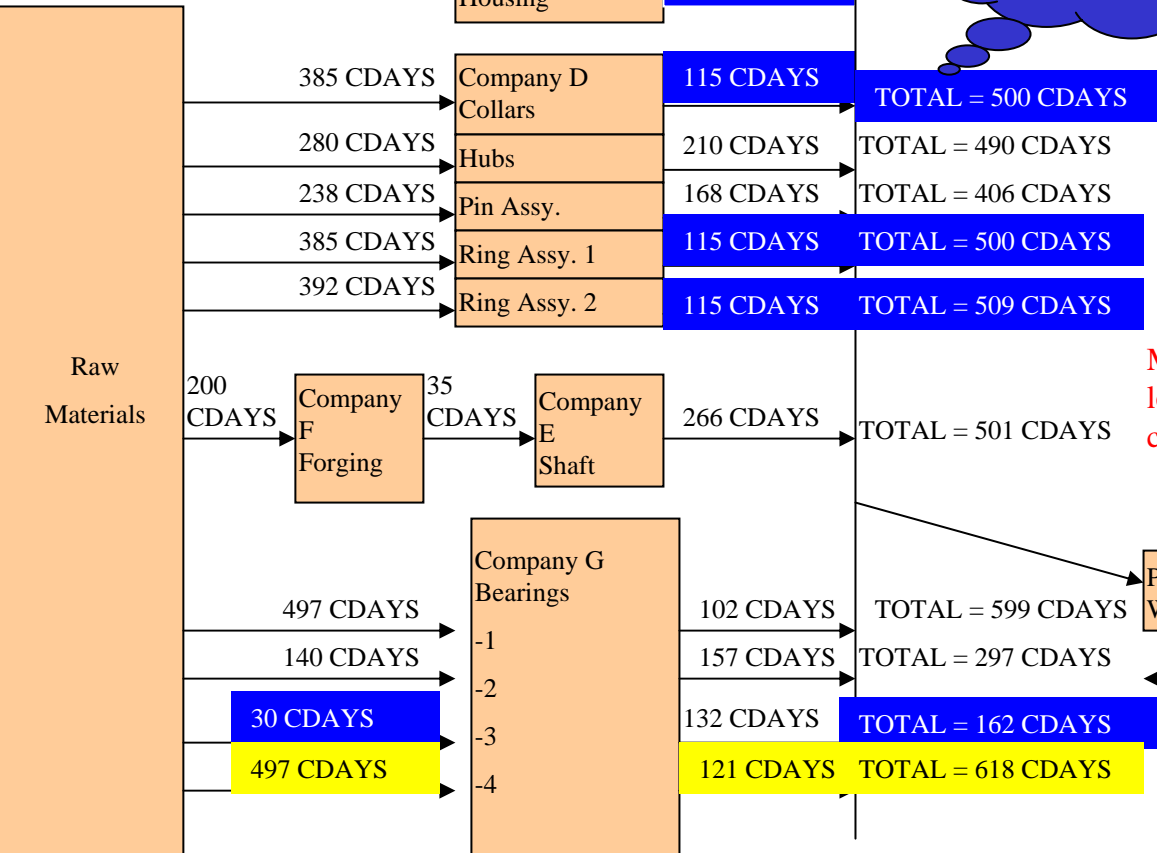
- **Determining the product groupings, then for each:**
- Understand how the shop floor currently operates.  
(Foundation for future state.)
- Design for a lean flow
- Determine how to get there!

**Production Lead Time = 917 days**

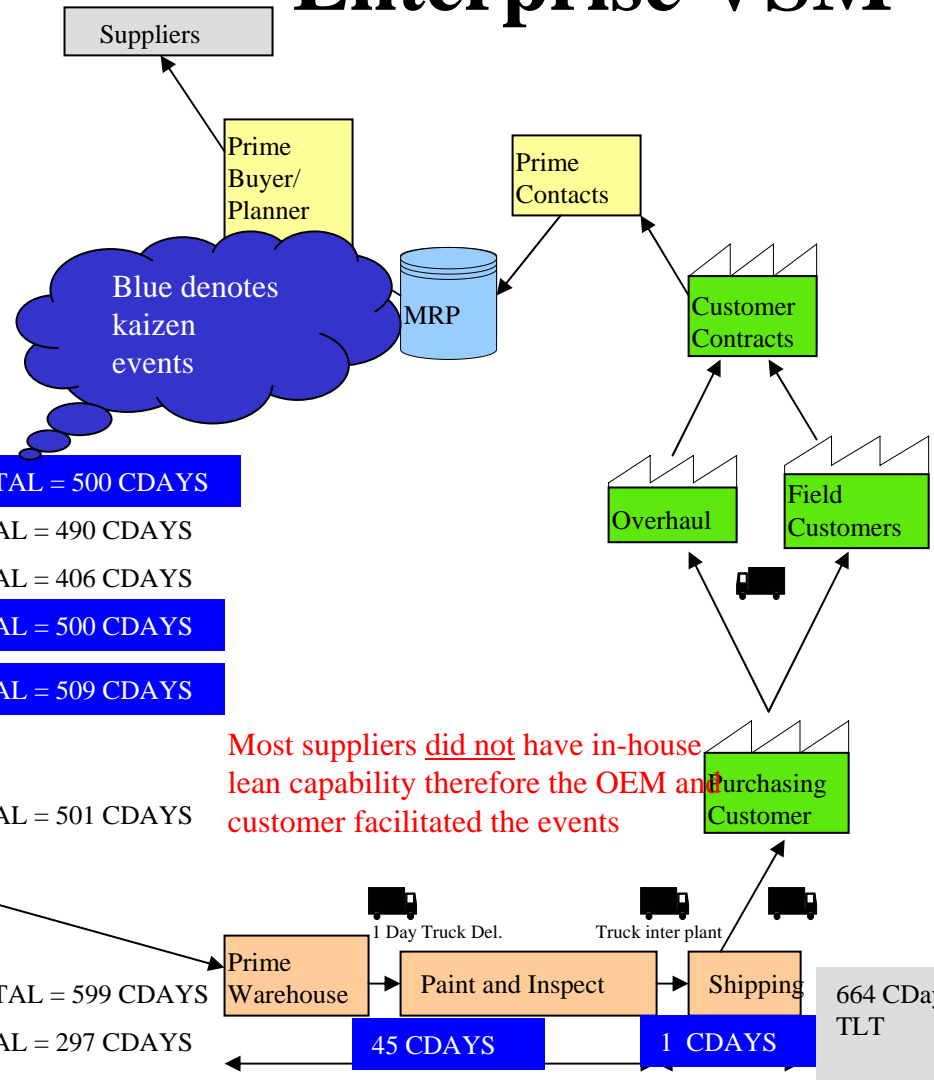
## Current State Enterprise VSM



**Production Lead Time = 664 days  
28% Reduction!**



## Future State Enterprise VSM



## Kaizen Events

- Kaizen is the process of:
  - Identifying & eliminating waste
  - as quickly as possible
  - at the lowest possible cost
- Kaizen requires:
  - Continuous, gradual, persistent improvement
  - by all employees and management
- Kaizen utilizes:
  - Cross functional team
  - Focused scope
  - Aggressive goal



## **6. Innovative strategies for increasing value added**

## Adding Value

- More parts purchased = more oversight (overhead) cost required by prime contractors
- Suppliers can produce subassemblies or kits for prime
  - Cost savings to Prime: Supplier labor and overhead cost are probably lower than that of prime
  - Advantageous if supplier produces more than one part of the subassembly
  - Requires supplier to have/develop ability to manage multiple suppliers and perform subassembly QA
- Serve as prime on small projects
  - Avoids “bid busts”
  - Traditional primes serve as first tier supplier

## Aircraft Assembly Suppliers

<b><u>Company A</u></b>	
Bolt	134 Days
<b><u>Company B</u></b>	
Shaft	176 Days
<b><u>Company C</u></b>	
Rev Spring	155 Days
<b><u>Company D</u></b>	
Bolt	210 Days
<b><u>Company E</u></b>	
Bushing	080 Days
<b><u>Company F</u></b>	
Bushing	
<b><u>Company G</u></b>	
Seal	120 Days
Seal	120 Days
Sleeve	120 Days
Seal	120 Day
Seal	189 Days
<b><u>Company H</u></b>	
Rev Limiter	197 Days
<b><u>Company I</u></b>	
ID Plate	120 Days
ID Plate	110 Days
<b><u>Company J</u></b>	
Stop	210 Days
Nut Plain	239 Days
Nut	170 Days
Bracket Assembly	
<b><u>Company K</u></b>	
Shim	075 Days
Shim	
<b><u>Company L</u></b>	
Washer	167 Days
<b><u>Company M</u></b>	
Support	119 Days
<b><u>Company N</u></b>	
Weight	

<b><u>Company O</u></b>	
Sleeve Bushing	231 Days
Sleeve	120 Days
Washer	168 Days
Nut	155 Days
Key	
<b><u>Company P</u></b>	
<b>Hub</b>	<b>300 Days</b>
<b>Hub-Class</b>	<b>320 Days</b>
<b>Pin-Class</b>	<b>290 Days</b>
Pin	250 Days
<b><u>Company Q</u></b>	
Pitch Housing	
<b><u>Company R</u></b>	
Cover	180 Days
Retainer	180 Days
<b><u>Company RR</u></b>	
Cover	170 Days
↓	
<b>Prime/LCMC</b>	
↑	
<b><u>Company S</u></b>	
Bearing	180 Days
Bearing	170 Days
Bearing	230 Days
Bearing	250 Days
<b>Bushing Sleeve</b>	<b>275 Days</b>
<b><u>Company T</u></b>	
Adapter	100 Days
Weight	113 Days
Liner	210 Days
Spacer	176 Days
Lower Liner	197 Days
<b>Tank</b>	<b>281 Days</b>
<b>Bolt</b>	<b>260 Days</b>
<b><u>Company U</u></b>	
Base	
Shield	
<b><u>Company V</u></b>	
<b>Boot</b>	<b>260 Days</b>

<b><u>Company W</u></b>	
Weight	126 Days
Weight	100 Days
<b><u>Company X</u></b>	
Collar	
Cover Assembly	
<b><u>Company Y</u></b>	
S him	150 Days
<b><u>Company Z</u></b>	
Ring	150 Days
<b><u>Company AA</u></b>	
Shaft	
Sleeve	
<b><u>Company BB</u></b>	
Washer	110 Days
<b><u>Company CC</u></b>	
Washer	100 Days
Retainer	100 Days
<b><u>Company DD</u></b>	
Droop Stop	250 Days
Arm	250 Days
Plate-Class	250 Days
Liner	197 Days
<b>Block</b>	<b>275 Days</b>
Stop	250 Days
<b>Washer</b>	<b>280 Days</b>
Pin Assembly	173 Days
Pin Assembly	210 Days
Plug	176 Days
Tank Assembly	
Beam	
Cap	
<b><u>Company EE</u></b>	
Washer	120 Days
<b><u>Company FF</u></b>	
Tank	
<b><u>Company GG</u></b>	
Cover	080 Days
<b><u>Company HH</u></b>	
Tank Assembly	

# **7. Understanding requirements and challenging status quo**

# What are the real requirements?

- Sources of Requirement?
  - Legislation
  - Government and/or Industry Policies and Procedures
  - Folklore
  - Interpretation of roadblocks (FAR)
  - “Not invented here” mentality?
  - “We have always done it that way”
  - Proactive versus reactive

**“ The FAR is the most misquoted  
and misinterpreted book second  
only to the Bible!”**

**Kenneth Sullivan  
Circa 2005**



# Challenge the Status Quo

- Do the requirements make sense?
- Are you using the wrong requirements?
- Does Value Engineering support change?  
(Note: must work through primes)
- Historical failure rate data?

## **8. New and emerging contract structures**

# Long Term Contracts

- How do you want the supply chain to behave?
  - Customer and owner of supply chain must define this!
  - *Contracts drive supply chain behavior!*
  - Are we rewarding Outcome A while hoping for Outcome B?
- Balance long term contracts with flexibility and adaptability;
- Incorporate provisions for volatile energy and commodity prices
  - Reduce risk to small businesses with long term contracts
  - Reduce risk of late deliveries due to funding
- Delivery Performance Incentives

# Performanced Based Logistics

- Buying performance – not parts
- Power by the hour
- Shifting risk to the supply chain
- Potential for higher profit margins
- All parties must understand the requirements and metrics

## 9. Economic, industrial and demographic trends

## Economic, industrial and demographic trends

- Shrinking Industrial Base in the US
- Some manufacturing returning to the US
  - Higher energy prices have changed the business model of off shore manufacturing
  - Rate of inflation in developing countries can quickly negate labor cost advantage
- Looming retirements
- Workforce development



# **10. Supply Chain Innovations such as incentivized Work in Process**

# Strategic Inventory

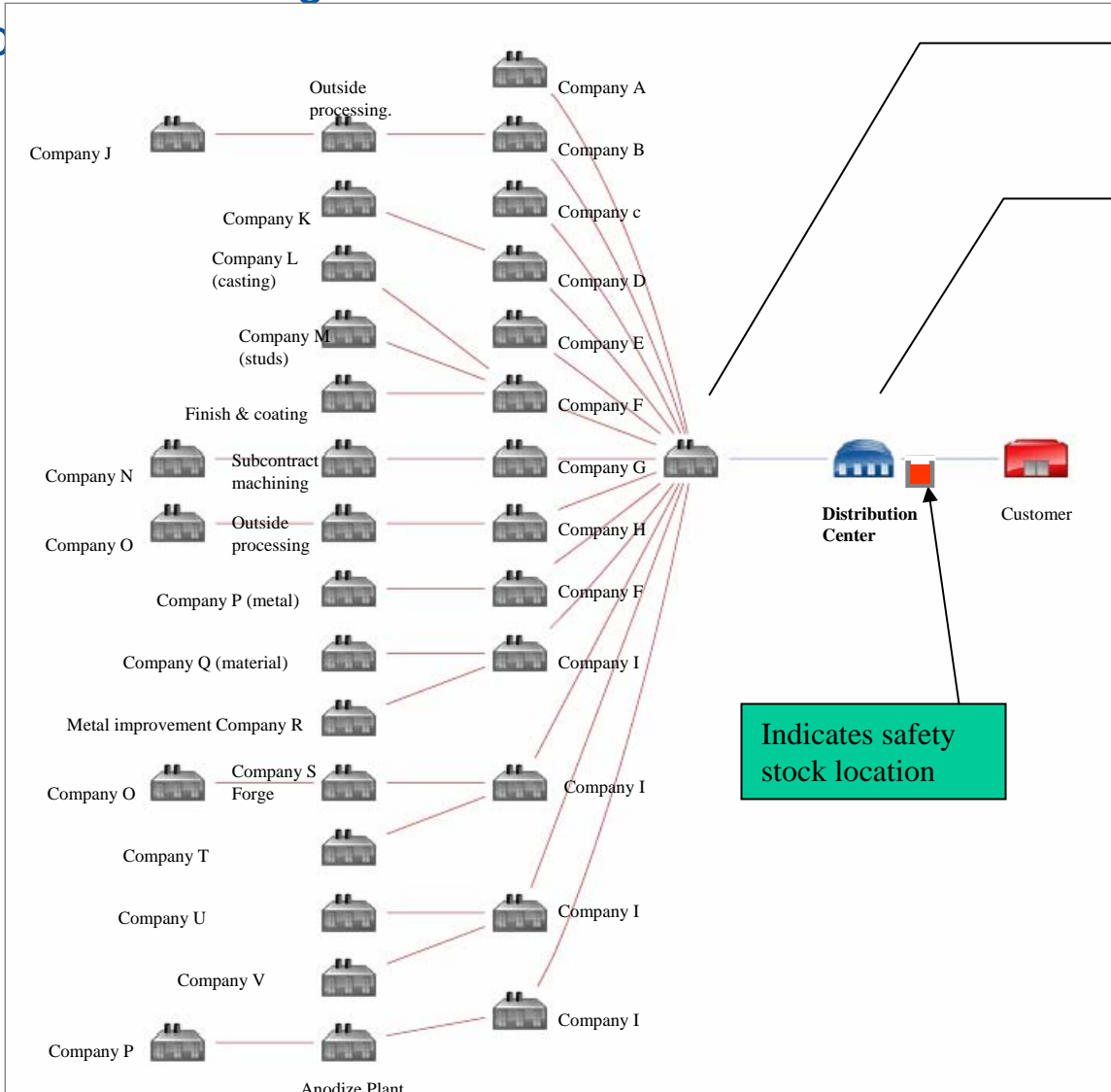
## Logic

- In Aerospace/DoD, most of the long-lead items have the least amount of value added to them
- Long lead-times require customer to invest large amounts of working capital in “pipe line”

## Pilot Project

- A joint AMCOM and DLA task is performing an analysis of four CH-47 parts to develop modeling methodology for strategically placing WIP
- Upon completion, the model findings will be used to develop pilot contracts to validate the strategic placement of inventory

# Modeling and Optimization Overview of Base Case



### Prime Plant:

**Avg. Working capital value:** \$ 3,916,232  
(material tied up in production)

### Prime Distribution Center:

**Avg. Safety stock holding cost:** \$ 89,774 / yr  
**Avg. Cycle stock holding cost:** \$ 7,252 / yr  
**Avg. Working capital value:** \$ 970,264

**Avg. Safety Stock level:** 55.1 units  
(on average, distribution center carries 3 months' of demand as safety stock)

**Avg. Cycle Stock level:** 4.45 units

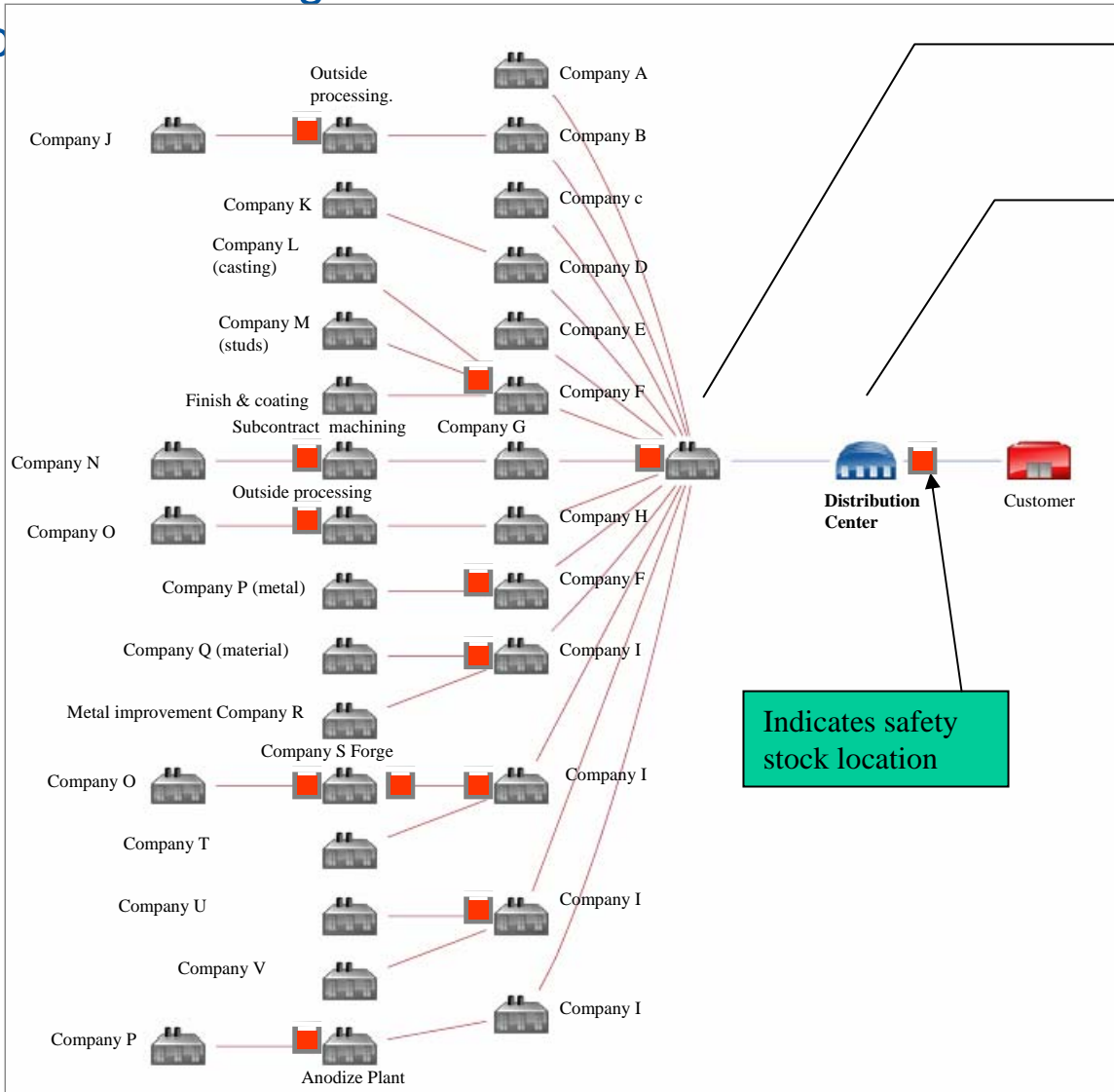
### System-wide:

**Total working capital:** \$ 5,315,086  
(includes safety & cycle at the Distribution Center, and the materials tied in production at all plants)

**COGS:** \$ 3,519,504 / yr

**Inventory turns:** 0.66 / yr

# Using Strategic Inventory throughout the Supply Chain



### Prime Plant & Vendors:

**Avg. Working capital value:** \$ 1,503,484  
(WIP + Safety Stock+ Cycle Stock)

### Prime Distribution Center:

**Avg. Safety stock holding cost:** \$ 25,880 / yr  
**Avg. Cycle stock holding cost:** \$ 7,252 / yr  
**Avg. Working capital value:** \$ 331,324

**Avg. Safety Stock level:** 15.88 units  
(on average, distribution center carries 3 months' of demand as safety stock)

**Avg. Cycle Stock level:** 4.45 units

### System-wide:

**Total working capital:** \$ 1,834,808  
(includes safety & cycle at the Distribution Center, and the materials tied in production at all plants)

**COGS:** \$ 3,519,504 / yr

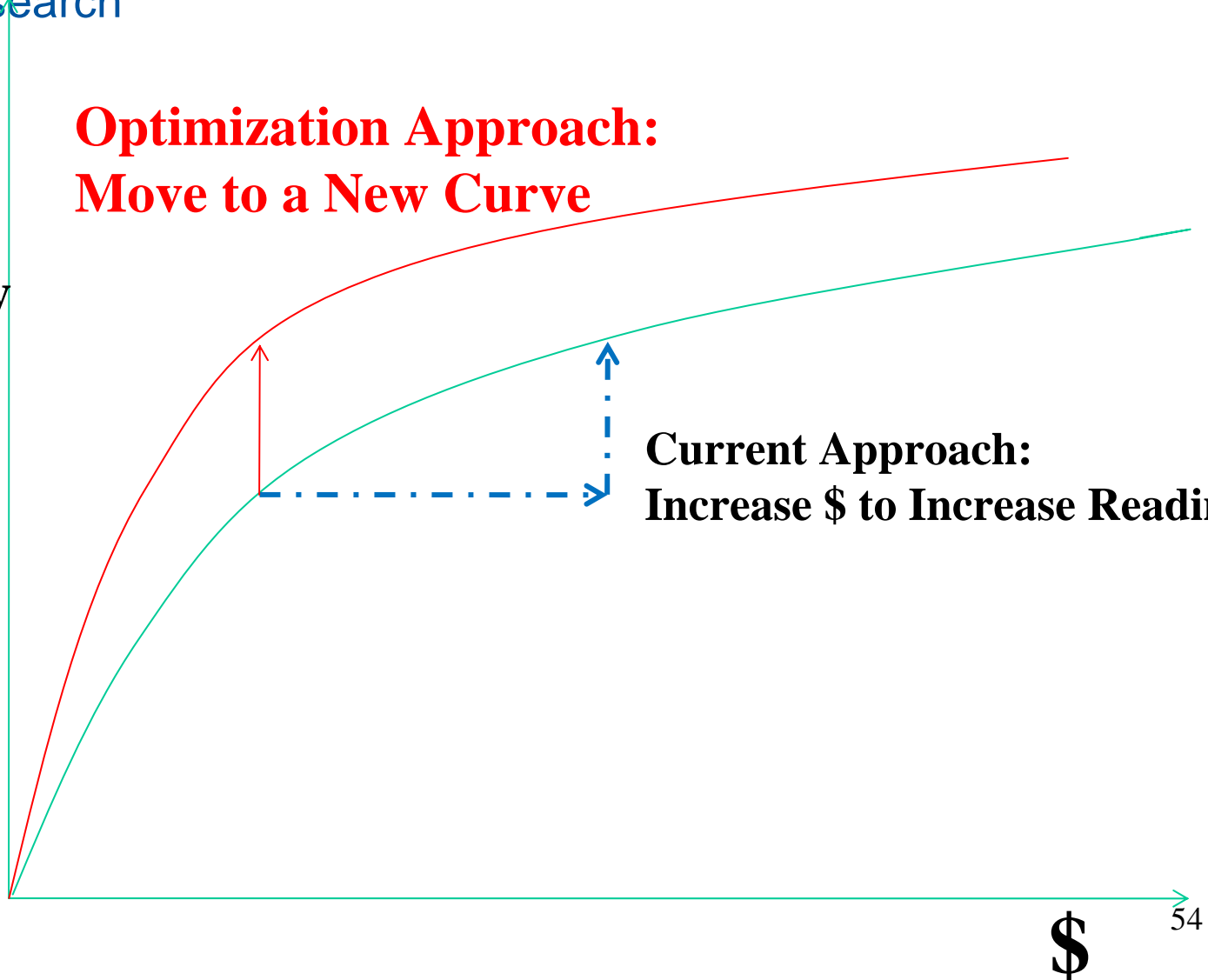
**Inventory turns:** 1.92 / yr

# Move to New Performance Curve Through Optimization

**Readiness  
or  
Supply  
Availability**

**Optimization Approach:  
Move to a New Curve**

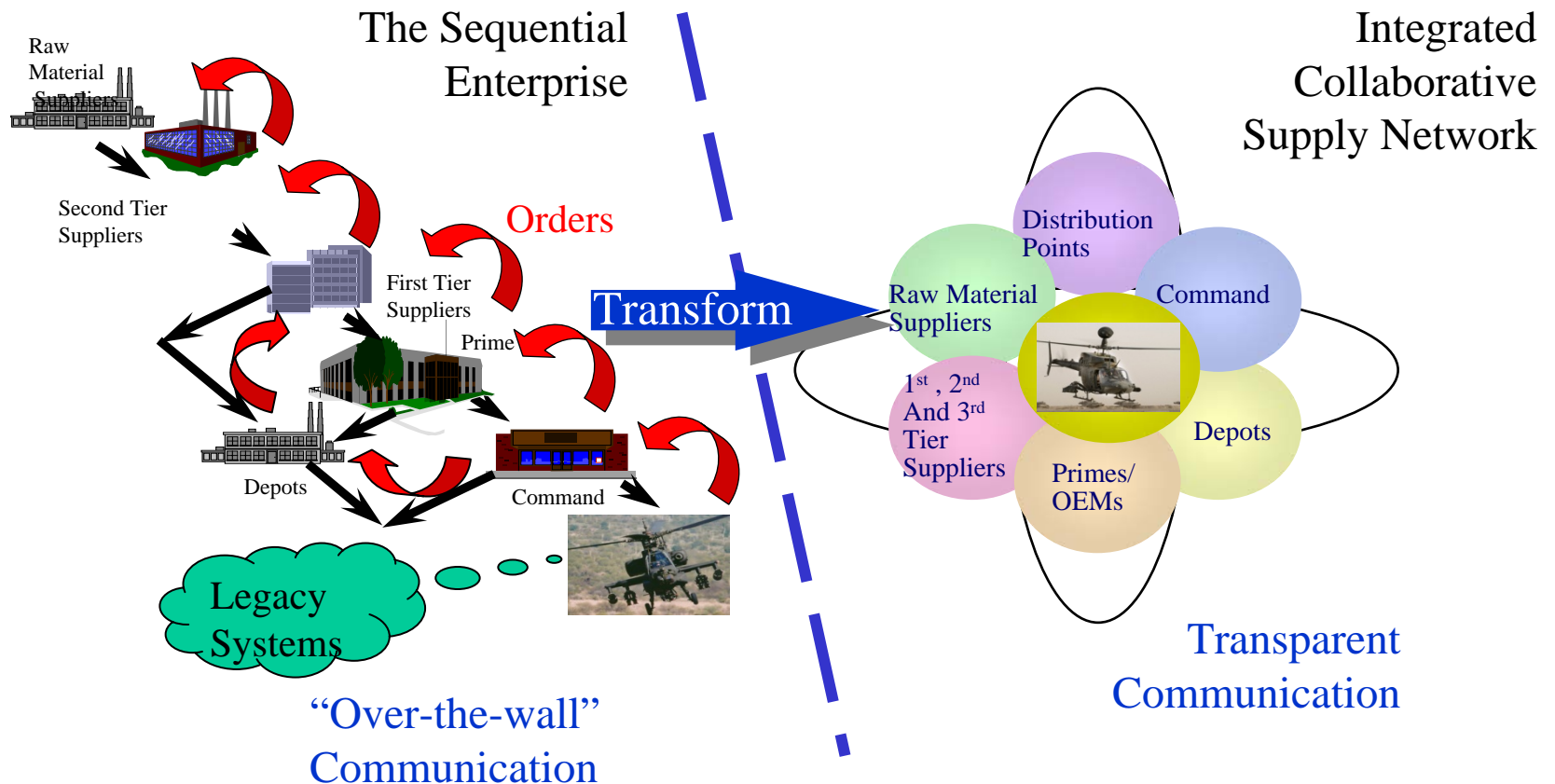
**Current Approach:  
Increase \$ to Increase Readiness**



# Summary and Conclusions



# The Goal: Transform the Enterprise



# Summary

- Small businesses are critical in the Aviation and Defense Supply Chain
- Be more involved!
  - Communication and collaboration
  - YCDBBSOYA
  - Challenge requirements
- Strategically expand your core competencies
  - Sub-assembly manufacture
  - Supply Chain and Program Management
  - Process transformation
- Invest in innovations
  - Processes
  - Systems
  - Technologies

# NDIA Mfg Division Survey

- Supply Chain Network Committee is performing a study of small to mid-sized suppliers that are or have been suppliers to the aerospace/defense industry
- Study is interested in identifying those factors that influence supplier involvement in this industry
- Short web-based survey is available on the NDIA web-site ([www.ndia.org/Divisions/Divisions/Manufacturing](http://www.ndia.org/Divisions/Divisions/Manufacturing))
- Participation is voluntary and all responses will be kept confidential
- Your participation is welcomed and needed.

**Kenneth W. Sullivan, Ph.D., P.E.**  
**Director, Office of Supply Chain and**  
**Product Lifecycle Management**  
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**Economic Research**

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# **LEGAL ASPECTS OF TEAMING AGREEMENTS**

**6<sup>TH</sup> ANNUAL MULTICULTURAL BUSINESS CONFERENCE**

**June 2, 2009**

**Instructor:**

**Ralph C. Thomas III, Esquire**

**Hyatt Regency Newport  
Newport, Rhode Island**

# INTRODUCTION: WHAT IS A TEAMING AGREEMENT?

- ▶ “An arrangement pursuant to which . . .
- ▶ A. Two or more companies form a partnership or joint venture to act as a potential prime contractor; or
- ▶ B. A potential prime contractor agrees with one or more other companies to have them act as its subcontractor under a specified government contract or acquisition program”

FAR 9.601



# DETERMINING YOUR NEGOTIATION LEVERAGE

 5 Reasons Why a Prime Would Be Interested in You

 Two Questions to Ask to Determine Which Reason Applies to You

# **SMALL BUSINESS'S OBJECTIVE IN NEGOTIATING THE TEAMING AGREEMENT**

- ▶ Prime Contractor's Perfect World
- ▶ Subcontractor's Perfect World

# BEFORE THE NEGOTIATIONS START

- ▶ The Pre-Nup
- ▶ “There ain’t no good guy; there ain’t no bad guy; it’s just you and me and we just don’t agree
- ▶ Protecting What Came Out of Your Mouth
- ▶ Advance Confidentiality Agreement

# GETTING THROUGH THE FORMALITIES

- 🕒 Getting it in Writing
- 🕒 But Just What is it That You Have That's in Writing
- 🕒 Memorandum of Understanding, Letter of Intent, or a Teaming Agreement

## THE TEAMING AGREEMENT: A PROMISE OR A CONTRACT?

- ▶ A Short Lesson in Contracts
- ▶ Gratuitous Promise
- ▶ Non-Binding Expression of Interest
- ▶ Agreement to Agree
- ▶ Obligation to Negotiate in Good Faith
- ▶ Obligation to Award a Subcontract

# GETTING TO THE HEART OF THE MATTER

- Essential Terms of the Teaming Agreement
- Notice of Intent
- Protection of Intellectual Property
- Termination Clauses



# TERMINATION CLAUSES

- ▶ Termination for Convenience
- ▶ Termination for Convenience in Disguise

# DISCLOSURE REQUIREMENTS

- ▶ Funny how things change all of the sudden – once the contract is won
- ▶ A Series of Unfortunate Events
- ▶ Protecting Yourself

## PROSELYTIZING OF EMPLOYEES

- ▶ “Although the teaming arrangement with your company didn’t work out, we think you’d make a fine management employee with our company.”

# DISPUTES AND DAMAGES

- ▶ Disputes: “I never thought it would come to this.”  
Litigation vs. Arbitration
- ▶ Damages: What to Ask for





# WHEN THE SMALL BUSINESS IS THE PRIME

⚠ Issue to Avoid: An SBA  
Determination of Being “Other Than  
Small” by virtue of:

⚠ Affiliation




⚠ Ostensible Subcontractor Rule

# AFFILIATION

-  When one firm controls or has the power to control another
-  SBA considers factors such as ownership, management, previous relationships with or ties to another concern
-  “Totality of Circumstances” Test
-  Consequences of SBA Finding of Affiliation



# OSTENSIBLE SUBCONTRACTOR RULE

-  Subcontractor performs primary and vital requirements of a contract
-  Small Prime is unusually reliant on Subcontractor
-  Subcontractor was Prime but is no longer eligible because it has outgrown size

# OTHER EXCEPTIONS TO AFFILIATION AND OSTENSIBLE SUBCONTRACTOR RULE

-  SBA-Approved Mentor Protégé Relationships
-  SBA-Approved 8(a) Joint Ventures
-  Unapproved SBA 8(a) Mentor Protégé Joint Ventures on non-8(a) procurements

# CONTACT INFORMATION

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